



Established
1996

SPRINGFIELD WATER AND SEWER COMMISSION

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Minutes of Meeting

May 1, 2019

The Springfield Water and Sewer Commission held a meeting at the John J. Lyons Administration Building, Agawam, MA, on May 1, 2019.

Chairman Daniel Rodriguez called the meeting to order at 9:04 a.m. and Commission Secretary Jaimye Bartak called the attendance roll:

William E. Leonard, Present
Daniel Rodriguez, Present
Vanessa Otero, Present

Also Present
Joshua Schimmel, Executive Director
Norman J. Guz, Commission Counsel (by phone)
Anthony Basile, Comptroller
Domenic Pellegrino, Director of Finance
Bruce Leiter, Attorney for the Commission
William Fuqua, Director of Wastewater Operations
Steven Frederick, Deputy Director of Wastewater Operations
Matthew Travers, Stantec
Thomas Richie, Kleinfelder
Jaimye Bartak, Communications Manager/Secretary of the Commission

Old Business

1. Consideration of Amendment No. 2 Owner-Construction Manager Agreement - Guaranteed Maximum Price (GMP): Report by Director of Wastewater Operations.

Mr. Schimmel introduced Mr. Fuqua for presentation of the GMP 1. There was a discussion that the project would have two GMP amendments, one for the pump station construction and upland work and a second for the river crossing.

Mr. Fuqua indicated that the project has reached end of pre-construction phase. The Construction Manager (CMAR) has bid various packages of work and is positioned to award contracts. GMP1 Amendment covers work above the high water mark on both sides of the river. GMP2, to be issued later this year will be for the remaining work primarily in river work consisting of the pipelines and connections. The in-river work has not been bid yet and therefore GMP pricing for this component of work is not included in GMP1.

The Board has been provided with a GMP amendment identifies the maximum cost to do work based upon prices provided by various contractors. A combination of bids, allowances, estimates, proposals make up the total GMP1 Amendment which has all been reviewed by DOC, the design engineers, and the Commission.

The GMP includes all general conditions and requirements and costs for 10 trade contracts and 32 non-trade contracts. Some scope changes have resulted in an overall reduction of more than \$2 Million. GMP1 as presented is \$78.3 Million. This includes construction contingency for the CMAR.

As GMP1 is 79.3 Million, the existing \$100 Million appropriation is adequate to fund the approval of GMP1. Mr. Fuqua stated that the in-river portion of work covered under GMP2 is currently estimated at \$19.5 Million which, prior to approval, would require an increase to the project's appropriation. The estimated project total cost is \$115 Million which would include an owner's construction contingency of \$1.5 Million. Mr. Schimmel added that the existing loan with the Clean Water Trust (Trust) is only for \$100 Million. The team has had discussions with the Trust concerning the increase in project cost and has been verbally told that the Trust should be able to include the additional cost in the final loan package. If that is not the case the Commission will have to develop a financial plan to cover the cost difference.

Design consultants were introduced to provide detail in the difference between the GMP and the initial construction cost estimates.

Mr. Travers identified several significant items that illustrate the cost difference. Part of the difference is the result of working with the CMAR, which by design is meant to identify higher risk items and work towards risk reduction and increasing pricing certainty. At 100% design more price certainty has been realized.

Mr. Travers identified complexities with the Amtrak and Flood Wall crossings in GMP1 and the fact that we are likely to switch to micro-tunneling as a risk reducing measure rather than pipe jacking, which is a more expensive and more risky alternative.

Mr. Travers also identified the York and Meltzer Street utility work as an area of pricing change. He pointed to a significant cost that was associated with temporary work such as by-pass pumping, work area flooding and clean-up, and other construction means and methods that have been more clearly defined by the CMAR. Mr. Schimmel added that flooding of the work site is anticipated due to the flows from the Combined Sewer System and the proximity of flood control structures and CSO regulators.

Mr. Travers also pointed to the support of excavation as an increase of \$9.6m. It will be a 50' deep excavation with the high potential of groundwater infiltration due to the proximity to the river and the soil conditions. Due to this the team has decided to utilize a slurry wall design that buys a significant amount of risk mitigation. The team identified delays due to uncontrollable groundwater infiltration as one of the highest risk and most expensive potential claims. Mr. Travers also noted cost differences in the campus layout, fencing, and temporary gas and electric required to keep the existing pumping station functional during construction.

In conclusion, Mr. Travers stated that the CMAR approach is intended to identify and price out as much risk as they can identify.

Mr. Schimmel added that we are working down from the GMP rather than working up from the low bid in a design bid build project delivery method. This puts a price tag on your risk.

Commissioner Otero (VO) inquired why at 60% design it wasn't clear that this would take place. How did you make leap from support of excavation back then vs. now?

Mr. Travers explained that the 60% design included steel sheet piles which were less costly, but they acknowledge a more risky method than a slurry wall. DOC coming in and looking at it from a CMAR point of view saw sheet pile construction as too risky.

Mr. Schimmel added that we were doing traditional design, bid, build approach at 60%, but seeing all the risk led us to CMAR. The CMAR project delivery method should minimize delay claims that have the potential to cost \$8-15K an hour because of scale of the work.

Commission Otero stated she was concerned about whether this is going to happen again.

Mr. Schimmel stated that the GMP1 pricing is guaranteed for all work identified within its scope. We will have the same approach for GMP2.

Commissioner Rodriguez stated that if we stuck with the original design, bid, build concept that there would have had even more of an upcharge in the form of change orders.

Mr. Schimmel stated that the team weighed the potential risks vs. the costs we're building in now. This is the part where CMAR is beneficial to us. We want the best product as risk free as possible.

Mr. Guz expressed concern about the project cost increasing, and stated that he thought we should have identified all of these risks due to our experience. Mr. Guz expressed specific concern regarding by-pass pumping.

Mr. Schimmel stated that we typically do not define bypass pumping with any specificity, allowing the contractor to choose their means and methods and price their own risk. The CMAR identified that during design, bid, build delivery that there would be differing approaches to by-pass and differing levels of acceptable risk to each bidder that the Commission wouldn't see until after award in the form of a shop drawing submittal.

Commissioner Otero inquired about the process during design that identifies risks, construction methods, and design objectives and how it evaluates and mitigates risk.

Mr. Schimmel stated that the process includes workshops with the owner and design team on specific items of high importance and risk, that third party value engineering reviews are scheduled at critical design milestones, and that the CMAR and engineers create a risk register which ranks risk on all components of the projects so that they can be methodically addressed and a mitigation strategy developed.

Mr. Travers added that the work in GMP2, which the CMAR has estimated at \$19 Million, is based on meetings and estimates from marine contractors. GMP2 work is subject to the conditions of the Connecticut River which poses a significant risk. This risk is mostly based on time and the ability to proceed according to schedule. The risk is river conditions that are too high, too low, or other unforeseen conditions that will cause delays. Risk mitigation in GMP1 that the team is buying now through scope and design changes will provide more schedule certainty for GMP2 and allow the best chance to start the work according to schedule and provide the maximum schedule float.

Mr. Guz inquired what checks and balances are there on the CMAR that prevent them from suggesting methods that reduce their risk at more expense to the Commission.

Mr. Leiter suggested that the CMAR process has a normal pull and tug over these issues. If we hadn't explored these risks with the CMAR these issues would have come up during construction. Think of them as construction managers, not as contractors. Mr. Leiter suggested that of course they're trying to mitigate their risk, but we're also trying to mitigate our risk.

Mr. Schimmel added that elements of the work that they suggested came off the table for that reason. That's the back and forth.

Mr. Guz asked if we were satisfied that what changes the CMAR proposed were reasonable and will benefit the Commission.

Mr. Schimmel stated at this point in time there is no doubt that the process is working as it should. Commissioner Rodriguez added that what we focus on is what is best for Commission overall.

UPON MOTION DULY MADE BY COMMISSIONER LEONARD AND SECONDED BY COMMISSION OTERO – to approve the GMP Amendment

VOTED UNANIMOUSLY: to approve GMP1 Amendment

UPON MOTION DULY MADE BY COMMISSIONER LEONARD AND SECONDED BY COMMISSION OTERO - to authorize the Executive Director (ED) to approve spending of owner's contingency as needed.

Mr. Guz inquired if it is not implied in the contract that the ED has authorization to spend the Owners Contingency.

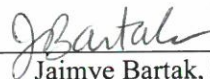
Mr. Fuqua stated that the Owner's Construction Contingency of \$1.5 Million differs from that in the GMP1 and that the Owners Construction Contingency allows the ED to execute Change Orders and change directives as appropriate without waiting for Board approval.

VOTED UNANIMOUSLY: to authorize the Executive Director (ED) to approve spending of owner's contingency as needed.

2. Consideration and/or action on any other matters that may come before the Commission at this meeting.

None considered.

Meeting adjourned by unanimous vote at 9:52am



Jaimye Bartak, Secretary