

ADOPTED AS AMENDED AT 03/23/21 BOARD MEETING
SEE ATTACHED VERBAL MOTION

021 179



RESOLUTION NO. _____

Item 17

MAR 23 2021

- POWER SYSTEM
- CAO
- LEGAL
- SUSTAINABILITY
- WATER SYSTEM
- CFO
- COO

BOARD LETTER APPROVAL

RELEASE DATE: _____

RICHARD F. HARASICK
Senior Assistant General Manager
Water System

MARTIN L. ADAMS
General Manager and Chief Engineer

DATE: March 3, 2021

SUBJECT: Amendment No. 4 to Agreement No. 47071-2 With
Webcor|Obayashi|Lyles, a Joint Venture, for the Silver Lake Reservoir
Complex Storage Replacement Project/Headworks Reservoir Project

SUMMARY

This proposed Amendment No. 4 (Amendment) will increase the not-to-exceed contract amount of Agreement No. 47071-2 (Agreement) by \$35 million (budgeted) and add four years. The increased funding is needed to complete the Headworks Flow Control Station and associated piping (Phase 3) with the additional time needed to obtain regulatory approvals and complete all remaining work for Phase 3 and site restoration (Phase 4). The proposed Amendment will increase the Agreement total from \$353 million to \$388 million and extend the Agreement by four years for a total of 14 years ending on December 31, 2025.

The original estimate for Phase 3 was based on preliminary concepts contained in the Planning Scope of Work and was not finalized until the design was recently completed. The additional time requested is based on current schedules for the construction of Phase 3 and preconstruction and construction of Phase 4. It includes sufficient time for review and approval of a revised soil backfill plan by the State Division of Safety of Dams. The Agreement is currently set to expire on December 31, 2021.

City Council approval is required under Charter Section 373.

RECOMMENDATION

It is recommended that the Board adopt the attached Resolution authorizing \$35 million in additional funding for construction services for Phase 3 and extend the Agreement term by four years for construction services for Phase 3 and preconstruction and construction services for Phase 4.

ALTERNATIVES CONSIDERED

The alternatives to continuing with the current contractor would either require issuing a new contract or completing the work with LADWP forces. Due to the nature of the Construction Manager at Risk model used on this Agreement, work is competitively bid. It is unlikely that issuing a new contract would reduce the amount needed to finish construction but would significantly delay project completion. Utilizing LADWP forces is not practical as there are no uncommitted construction resources available. Neither alternative was determined to be acceptable.

FINANCIAL INFORMATION

The Board authorized LADWP to spend up to \$35 million (budgeted) on a task assignment basis, contingent upon availability of funds, for the construction of all four project phases at the time of award in 2011. However, the increased estimated cost for Phase 3 has resulted in the need to increase funding by \$35 million.

The following table illustrates actual expenditures and estimated costs for each phase of the project:

| Project Phase | Cost |
|--|---|
| Phase 1 Headworks Reservoir East Project and RSC Unit 1A East Project | \$142,000,000 – Actual Cost |
| Phase 2 Headworks Reservoir West Project and RSC Unit 1A West Project - Part 1 | \$141,000,000 – Estimate at Completion |
| Phase 3 Headworks Flow Control Station Project and RSC Unit 1A West Project - Part 2 | \$40,000,000 – Original Estimate RE-ESTIMATED to \$75,000,000 |
| Phase 4 Headworks Reservoir Restoration Project | \$30,000,000 – Original Estimate |
| Grand Total | \$388,000,000 |

BACKGROUND

In January 2006, the United States Environmental Protection Agency promulgated the Long Term 2 Enhanced Surface Water Treatment Rule and the Stage 2 Disinfectants and Disinfection Byproducts Rule. To comply with the new regulations, reservoirs must either be covered, have their water treated prior to use, or be bypassed. It was determined that covering or treating water from Silver Lake and Ivanhoe Reservoirs was

impractical and both would need to be removed from service. The Headworks Reservoir project was conceived in order to replace the functionality of those reservoirs and consists of two new buried reservoirs, a flow control station and associated piping, and site restoration.

On December 6, 2011, the Board approved the Construction Manager at Risk Agreement with Webcor|Obayashi|Lyles, a Joint Venture, for preconstruction and construction services for the project in the amount of \$230 million. Amendment No. 2 authorized the LADWP to increase the budget to \$353 million (budgeted) on a task assignment basis for the construction of all four project phases. Amendment No. 3 extended the contract duration from December 31, 2018, to December 31, 2021. The project was divided into four phases; Headworks Reservoir East (Phase 1), Headwork Reservoir West (Phase 2), Flow Control Station (Phase 3), and Site Restoration (Phase 4). The release of funding to design and construct each phase of the project would be approved by the Board. Phase 1 is complete and Phase 2 is nearing completion.

The \$40 million allocated for Phase 3 was a planning-level estimate and subject to a significant margin of error in both directions. Additional refinements in the estimate for Phase 3 were not updated until recent completion of the design. The latest construction cost estimate is based on actual bids from subcontractors and is comparable to similar projects that LADWP has recently completed. This has resulted in a \$35 million increase to the original estimated cost to complete Phase 3, from \$40 million to \$75 million, which includes \$10 million for LADWP contingency.

The original construction schedule, as approved by the Board, shows a completion date of November 2018 for the construction of the fourth and final phase of the project. The following illustrates the difference between the original and revised construction schedules by project phase:

PHASE 1:

Headworks Reservoir East/
River Supply Conduit (RSC)
Lower Reach Unit 1A East

Earthwork (foundation)
October 2010 – June 2011

Reservoir Construction (Concrete Structure)
November 28, 2012 – January 15, 2016

PHASE 2:

Headworks Reservoir West/
RSC Lower Reach Unit 1A West – Part 1

November 2014 – December 2017
REVISED July 2015 – December 2023

PHASE 3:

Headworks Flow Control Station
RSC Lower Reach Unit 1A West – Part 2

August 2013 – November 2017
REVISED May 2020 – February 2023

PHASE 4:

Headworks Reservoir Restoration

November 2017 – November 2018
REVISED January 2023 – April 2025

Several scope changes and design modifications have impacted the originally proposed project completion date of November 2018. The revised soil backfill plan for Headworks Reservoir West has extended the completion date of Phase 3 by adding time for redesign and review and approval by the State Division of Safety of Dams.

Since the Agreement's execution, Webcor|Obayashi|Lyles, a Joint Venture has performed satisfactorily by being proactive and working cooperatively with LADWP staff.

On March 1, 2021, the Mayor's Office waived the requirement for Executive Directive No. 4 for this Amendment.

ENVIRONMENTAL DETERMINATION

Determine item is in compliance with California Environmental Quality Act (CEQA) Guidelines sections 15080-15097 and 15164 (EIR adopted on May 16, 2006 and Addendum Prepared 2017.) In accordance with CEQA, an Environmental Impact Report (EIR) was prepared to analyze the impacts associated with the construction and operation of the Headworks/Silverlake Storage Complex Amendment. On May 16, 2006, the Board of Water and Power Commissioners certified the EIR; adopted the Mitigation Monitoring and Reporting Program, Findings of Fact and Statement of Overriding Considerations; and approved the project. Due to State Revolving Funding requirements, LADWP updated the Final EIR in April 2017 with an addendum.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Resolution and Amendment as to form and legality.

ATTACHMENTS

- Procurement Summary
- Resolution
- Amendment No. 4 to Agreement No. 47071-2

VERBAL MOTION

I MOVE that Item No. 17 on the March 23, 2021, Commission Agenda relative to Approval of Amendment No. 4 to Agreement No. 47071-2 with Webcor/Obayashi/Lyles, a Joint Venture, for the Silver Lake Reservoir Complex Storage Replacement Project/Headworks Reservoir Project; this Amendment will extend the term for four years and increase the amount by \$35 million; **BE AMENDED**, as follows:

- “1. Approval of the increase in the amount of the Agreement by \$35 million, to a not-to-exceed amount of \$388 million; and
2. Denial of the requested term extension of four years, such that Agreement No. 47071-2, as amended, will terminate on December 31, 2021.”

Moved by: Cynthia McClain-Hill

Seconded by: Susana Reyes

Approved by the Board of Water and Power Commissioners at its Regular Meeting on March 23, 2021: Ayes: Commissioners McClain-Hill, Reyes, and Barad; Noes: None. Absent: Commissioners Leher and Neeman Brady.

By: 
Susan A. Rodriguez, Board Secretary