

INFORMATIONAL MEMORANDUM

Tukwila Metropolitan Park District

TO: Tukwila Pool MPD Board President

FROM: Rick Still, Parks and Recreation Director *RS*
Robert Eaton, Project Coordinator *RE*

DATE: September 17, 2012

SUBJECT: Addendum 1 to the ESP

ISSUE

The Board requested an Addendum to the Energy Services Proposal (ESP) to clarify the five items in the Allowances section.

FINANCIAL IMPACT

No direct financial impact, information only.

BACKGROUND

In efforts to afford and complete additional items on the CIP List, staff saw some project items from the overall project that looked to be potential areas of savings if the scope was reduced or an estimate was solicited from a contractor because the price proposed by the ESCO was so high. These five items became known as "Allowances" in the ESP (listed on page 25) and would not be covered in the guaranteed max price by the ESCO as explained in the attached addendum 1.

At the August 20, 2012 Board Meeting, the Board requested that additional information be provided in regards to the five items in the Allowances section of the ESP. This information is included in the attached Addendum 1 to the ESP.

DISCUSSION

The total cost of the five Allowance items is \$279,949. If the collective total of the five items ends up costing more than that budgeted amount, then the MPD would be required to pay the difference since these are not included in the guaranteed max price by the ESCO. Because these five items are not in the base bid they may be completed by the MPD/City using the traditional Public Works project process.

Had staff not made these reductions or modifications to these five items then many more projects on the CIP List would not be getting completed. There is an element of risk associated with this approach however, the potential benefits are significant.

RECOMMENDATION

Adopt the "Addendum 1 to the ESP" to add Section 4.5.1 "Additional Information to the Allowances" to the ESP.

ATTACHMENTS

1. Addendum 1 to the ESP (dated 9-12-12)

The MPD Board adopted the Energy Services Proposal (ESP) from McKinstry on August 20, 2012 at which time the Board requested additional information on Section 4.5 "Allowances" on page 25 of the ESP. Below is the additional information now forth called Section 4.5.1 "Additional Information to the Allowances" that explains in greater detail the five items.

The following five items were not included as part of the base bid by McKinstry, the ESCO. These items are included in the overall project and will be completed. They are not considered as part of the base bid because the ESCO would not guarantee the max cost of these items. This is for a couple different reasons as outlined below. All five of these items can be completed by the MPD/City using the traditional Public Works project process.

Item #16 – Bulkhead Renovation: Allowance: \$4,500 / Original Estimate: \$14,683

This item did not get updated for the final ESP so it is not an apples to apples comparison. The Allowance amount was determined prior to the knowledge of the amounts of the ESCO's standard mark-ups as listed on page 29 of the ESP.

Original Scope: Repairing axles and wheels, and completely refinishing the surface.

Reduced Scope: Includes simply painting the existing one.

Item #17 – Pool filter Conversion (Vac DE Option): Allowance: \$15,000 / Original Estimate: \$149,089

This item did not get updated for the final ESP so the Original Estimate is not an apples to apples comparison with the reduced scope. The Allowance amount was determined prior to the knowledge of the amounts of the ESCO's standard mark-ups as listed on page 29 of the ESP.

Original Scope: Reconfigure the existing Vacuum DE filter system to accommodate new filter grids that can be changed out separately as opposed to having to lift the entire filter grid out of the tank. This would have provided significant savings in staff time and improved filter capacity and reduced annual maintenance costs. However, the price to do this was high enough that it was more beneficial to reduce this scope to enable more items to be completed on the CIP List.

Reduced Scope: Includes refinishing the existing filter tank, purchasing new filter grid covers, and all necessary equipment to change the filter covers in-house without having to contract this work out (which will save approximately \$1,000 annually).

Item #19 – ADA Improvements (Parking Lot): Allowance: \$90,000 / Original Estimate: \$101,700

This item is reduced in expense based upon having an estimate from a contractor that the City has used multiple times for this kind of work. One thing to note is that the scope of this project may increase dependent upon code requirements. Both the ESCO and the contractor's estimate were based off plans that were drawn up several years ago that has now become evident would not bring this up to today's code. A modification will need to be done and potentially some additional engineering.

Original Scope: Relocate ADA Parking Stall from the existing location to the stalls closest to the lobby doors. Add an ADA Ramp from the parking lot to the main entrance way.

Reduced Scope: N/A

Item #21 – New Roof: Allowance: \$85,449 / Original Estimate: \$378,000

This item is not an apples to apples comparison between the Original Estimate and the Allowance. The Allowance is as ballpark price from a contractor for a different kind of roof product. After the contractor gave their ballpark estimate they conducted further research on their own for the next several weeks (including a core sample of the roof) and discovered that there is currently about seven inches of insulation on the roof. Good news in the way of energy efficiency but an added variable for re-roofing that neither the contractor nor the ESCO knew about. Therefore, the scope and estimate from the contractor will need to be modified to reflect this as the current estimate does not. The Allowance amount was determined prior to the knowledge of the amounts of the ESCO's standard mark-ups as listed on page 29 of the ESP.

Original Scope: Re-roof the facility (specific process and scope was not made known to staff).

Reduced Scope: Use a TPO type product that can be laid over the top of the existing torch down roof.

Item #23 – Locker Room Floor Resurfacing: Allowance: \$85,000 / Original Estimate: \$92,389

This item is reduced in expense based upon using a different product and methodology of prep and application as specified by an architect that the City has used in the past. The product simply costs less per square foot and is cheaper to install.

Original Scope: Remove existing tile floor, grind down smooth and apply new flooring product.

Modified Scope: Use a different product that does not require the existing flooring to be removed first.

These allowances were made to enable additional items to be included and completed in the overall project. Had these efforts to reduce scope and find cost savings not been sought after many additional items on the overall project list would not be getting completed.