



# Design Review Committee Briefing #42

**Subject:** Phase II Upgrades Budget Update

**Date:** April 5, 2021

## The Issue

The Nampa Wastewater Treatment Plant Phase II Upgrades are the largest capital project executed by the City. Transparency in spending is paramount for the program. This briefing follows several past briefing and City Council updates to provide an update on the program financials.

## Background and Analysis

Table 1, below, shows the status of the Phase II Upgrades budget.

Table 1. Phase II Upgrades Budget				
Project	Baseline Budget	Current Contracted	Projected Contracts	Potential Savings
Project Group D	\$12,396,041	\$8,423,345	\$0	\$3,972,696
Project Group E	\$3,439,561	\$2,692,451	\$0	\$747,110
Project Group F	\$144,665,374	\$12,528,452	\$158,578,862	(\$26,441,940)
Project Group G	\$5,018,323	\$0	\$5,018,323	\$0
Predesign	\$5,119,154	\$4,803,503	\$0	\$315,651
Idaho Power Purchase	\$0	\$821,253	\$0	(\$821,253)
Programmatic Contingency	\$19,285,511	\$0	\$19,285,511	\$0
<b>Total</b>	<b>\$189,923,962</b>	<b>\$29,269,004</b>	<b>\$175,903,833</b>	<b>(\$21,796,047)</b>

There are several items to note from the current Phase II Upgrades budget.

- Project Group D is showing a potential savings of nearly \$4M. In reviewing the cause of this savings, it was determined that a portion of the scope (digested sludge storage tank and related pumping equipment) was originally assumed to be included in Project Group D. Subsequent to establishing the baseline budget, this portion of the Phase II Upgrades scope was moved to Project Group F. Therefore, it is recommended that \$3.5M from the baseline budget be moved from Project Group D to Project Group F. Even with this transfer there is sufficient budget to complete construction of Project Group D.
- Project Groups E is nearing the end of construction and is anticipated to have a cost savings at completion. Given the size of this savings, it is recommended it be retained at the Program level and not allocated to any projects.
- Project Group F is currently projecting to be over the baseline budget by \$26.5M. This is the result of a number of factors including rapid material price escalation and level of definition of the project (i.e., not yet at 30% design). DRC Briefing #43 provides additional details on value engineering concepts related to this project.
- The Programmatic Contingency funds have not been allocated to any project groups. Project Groups D and E both bid under budget and were able to use this savings to fund construction

contingencies. In reviewing the remaining major risk items, the following remaining risks were identified:

- Differing Site Conditions: There will be significant underground work in PGF and PGG. The risk of finding unexpected conditions during these excavations has been identified from the outset and is expected to be carried forward.
- Expanded Project Group G Scope: The scope for Project Group G originally included the rehabilitation of the Headworks and Primary Clarifier #1. Subsequent evaluations have indicated that full replacements may be needed. This risk will be reassessed based on DRC recommendations on value engineering items for Project Group F, which are presented in DRC Briefing #43.
- Escalation: Cost increases for labor and materials have far outpaced expected increases due to the nature of local and national markets. The Project Group F budget assumed an additional level of escalation, but the City retains additional escalation risk until the price for this work is agreed to.

### **Potential Consequences**

Maintaining budget oversight has been a key tenet of the Phase II Upgrades since the outset. Decisions are needed to maintain the overall budget with a primary focus on Project Group F. Value engineering ideas for this project are presented in DRC Briefing #43.

### **Recommendation**

It is recommended that the \$3.5M budget for the digested sludge storage tank and related pumping equipment be moved from the baseline budget of Project Group D to Project Group F. This will increase the Project Group G baseline budget to approximately \$148M. DRC Briefing #43 includes potential value engineering concepts for Project Group F. A future DRC briefing will include an update on the programmatic contingency and a recommendation on potential use of a portion of these funds.