

**Indian River County, Florida
Department of Utility Services
Board Memorandum**

Date: March 27, 2024

To: Indian River County Board of County Commissioners

Through: John A. Titkanich, Jr., County Administrator
Sean C. Lieske, Director of Utility Services

From: Howard G. Richards, PE, Manager – Capital Projects

Prepared by: Harrison Youngblood, PE, Utilities Engineer

Subject: TLC Diversified, Inc. Change Order 4 and Kimley-Horn and Associates, Inc. Work Order 6 Amendment 2 for Oslo Water Treatment Plant Improvements

Descriptions and Conditions:

The Indian River County Department of Utility Services (IRCDUS) operates two water treatment plants (WTP), Hobart WTP and Oslo WTP, to provide potable water service to its customers. Both plants have a combined capacity of 25.7 million gallons per day (MGD) and an average daily flow of approximately 12 MGD. The treatment facilities obtain raw water from the upper Floridan aquifer and treat it with nanofiltration. Pretreatment for the membranes includes addition of sulfuric acid and a scale inhibitor. The permeate from the nanofiltration process is blended with raw water and the blended water has chlorine added for disinfection. In addition, fluoride is added for fluoridation and lime, carbon dioxide and sodium hydroxide are added for remineralization, pH and alkalinity control as well as calcium carbonate stability.

An evaluation of the membrane system and associated equipment at the Oslo WTP determined they needed rehabilitation and replacement. The condition assessment evaluated the reliability of the existing mechanical equipment, including the membrane booster pumps; reverse osmosis (RO) trains; feedwater, permeate, and concentrate piping; pipe trenches; membrane skids; small piping systems; and high service pump distribution piping systems.

On December 17, 2019, the Indian River County Board of County Commissioners (BCC) awarded Work Order (WO) 1 to Kimley-Horn and Associates (KHA), pursuant to Request for Qualification (RFQ) 2019070 for Professional Services for Water Plant and Water Resources Engineering Services awarded November 5, 2019, to provide design, permitting, and bidding phase services for the Oslo WTP Improvements project, in the amount of \$568,249.00. Amendment 1 to Work Order 1 was issued on October 6, 2020, to address further items in the project, which increased WO 1 by \$127,252.00.

On June 15, 2021, the BCC approved WO 6 to KHA to provide professional services to oversee the construction phase of the project in the amount of \$1,222,545.00. Amendment 1 to WO 6 was issued on November 7,

Consent Item

2023, to provide additional services and additional time to assist with project delivery caused by a time extension to the contractor (see below), which increased WO 6 by \$263,133.00.

On June 15, 2021, the BCC awarded Bid #2021026 to TLC Diversified, Inc. (TLC) for the construction of the Oslo WTP Improvements project for the amount of \$10,665,515.65. The Notice to Proceed (NTP) was issued on August 4, 2021, setting the initial completion date to November 2, 2023. Subsequent to the award, approved Work Change Directive (WCD) 1, Change Order 1 (CO 1), CO 2, and CO 3 were issued to TLC that cumulatively added work items, and increased the contract value by \$1,020,621.72.

Due to delays in lead times for materials as well as an increase in scope through change orders, TLC was not forecasted to meet the November 2, 2023, final completion date. As such, IRCDUS approved WCD 2 to TLC on August 9, 2023, authorizing a time extension which extends the substantial completion date to March 15, 2024, and final completion date to May 17, 2024.

Analysis:

Based on the progress of construction post August 9, 2023, when the time extension was approved via WCD 2, it became evident that TLC was not going to meet the March 15, 2024 substantial completion nor the May 17, 2024 final completion dates. This was confirmed by TLC in a bi-weekly meeting on February 21, 2024. In said meeting, IRCDUS requested that TLC submit a formal request for a time extension. On March 1, 2024, IRCDUS issued the attached Notice of Intent (NOI) to Assess Liquidated Damages to TLC. TLC responded to IRCDUS's NOI on March 6, 2024 (see attached letter). The TLC response laid out the circumstances surrounding delays they encountered and provided a draft finishing schedule with key milestone dates to complete construction.

IRCDUS staff, KHA, and TLC held meetings to review the draft finishing schedule and develop agreed upon options to minimize the additional time beyond the May 17, 2024 final completion date. The discussions include potential additional costs to IRCDUS for the time extension to which the TLC project manager proposed a deduction from the contract value to offset any cost increase to IRCDUS. As a result, TLC has submitted CO 4 (see attached) that includes 1) a second time extension of 77 days to yield a new final completion date of August 2, 2024 (1,094 days from NTP), and 2) a Change in Contract Price for line item 345 of the schedule of values, which totals a \$54,928.65 reduction.

As noted above, granting TLC the second time extension request will result in additional costs to IRCDUS to retain KHA for continuation of construction phase services. Upon request by IRCDUS, KHA provided Amendment 2 to WO 6 for additional construction phase services through August 2, 2024, for the amount of \$51,359.00. Amendment 2 to WO 6 includes coordination and progress meeting attendance, preparation of meeting minutes, construction observations, and inspector and engineer observations.

The effect of deducting \$54,928.65 from the TLC contract value and incurring the additional cost for KHA services, will result in a net savings of \$3,569.65 in the overall cost of the Oslo Water Treatment Plant Improvements project.

Consent Item

Funding:

A net reduction of expenses, in the amount of \$3,569.65 (\$54,928.65 for the reduction in TLC contract value and \$51,359.00 additional cost for KHA Amendment 2 to WO 6), for this project will be recorded in the Utilities/WIP/South R/O Membranes & Retrofit account number 471-169000-19503. Since this is an operating capital project, the funds will come from fund balance. Operating funds are derived from water and sewer sales.

Description	Account Number	Amount
Utilities/WIP/South R/O Membranes & Retrofit	471-169000-19503	(\$3,569.65)

Recommendation:

Staff recommends that the Indian River County Board of County Commissioners approve Change Order 4 to TLC Diversified, Inc. for a 77-day time extension and a \$54,928.65 reduction in contract value, and, Amendment 2 to Work Order 6 with Kimley-Horn and Associates, Inc. in the amount of \$51,359.00 for additional time for construction phase services, for the Oslo Water Treatment Plant Improvements project, and authorize the Chairman to execute the same. So long as there are no changes in the dollar amount of the respective contract and work order, upon adequate completion of the work set forth in the respective contract and work order, staff is directed to make final payments to TLC Diversified, Inc. and Kimley-Horn and Associates, Inc., after review and approval by the Purchasing Manager and the County Attorney's Office.

Attachments:

- IRCDUS NOI to Assess Liquidated Damages
- TLC's Response to IRCDUS NOI
- TLC Change Order 4
- KHA WO 6 Amendment 2