



Board of Commissioners Special Meeting Minutes
Wednesday, May 10, 2023 at 4:00 PM
City Hall

1. Call to Order - Mayor Jeff Winecoff

Mayor Winecoff called the meeting to order at 4:00 p.m.

Attendance:

Mayor Jeff Winecoff
Commissioner Tom Guzulaitis
Commissioner Kim Sherwood
Commissioner David Mammay
City Manager Gordon Hargrove
Finance Director Suzanne Tungate
City Clerk Nancy Sims

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

3. Approval of Special Agenda

Motion to approve the special meeting agenda as presented

Moved by: Kimberly Sherwood

Seconded by: Tom Guzulaitis

Motion Carried 4-0

Motion to excuse Commissioner Hall from this meeting

Moved by: Kimberly Sherwood

Seconded by: David Mammay

Motion Carried 4-0

4. **Discussion with Dams Reconstruction Project Engineers**

Mr. Hargrove read from a prepared statement as follows: First of all, I would like to thank the residents of BSL for their patience. I know that they are ready to see this project move forward. Secondly, I would like to commend the BOC and City staff for their diligence and hard work in getting to this point. I would also like to mention my appreciation to Sequoia Services, LLC, McGill Engineering and Schnabel for agreeing to participate in the value engineering process. I would like to make a few things clear. First, value engineering is not a negotiation with the contractor on pricing, but rather it identifies areas where alternatives may be used. Together, Sequoia, McGill, Schnabel, and the City have identified areas of savings to make the best use of the resources we have at our disposal. In order to achieve the savings that we have come up with, certain assumptions had to be made. While nothing is guaranteed with these assumptions, the value engineering team expects there to be a high likelihood these assumptions are correct. The city does share some exposure to risk using these assumptions but agrees with all parties that this will be a shared risk. The board has the value engineering numbers in front of them. **Mr. Hargrove** then went through the numbers listed in the attached staff report. He ended by saying please understand that the anticipated cost of this project, as presented, is still an estimate and emphasized estimate. He ended saying staff recommends awarding the dam reconstruction contract to Sequoia and entering into a new task order assignment with McGill.

Mayor Winecoff stated I want to thank everyone for getting the numbers down to where they are. I think the BOC feels comfortable with moving forward with the dam reconstruction and getting the road back open.

Commissioner Guzulaitis wanted to know regarding item No. 1 the relocation of LOD on the attached staff report, will we need flood plain or U.S. Army Corp of Engineering permitting? **Mike Hanson** with McGill Engineering replied he did not believe the City will need to do any re-permitting at this time.

Commissioner Guzulaitis then asked regarding item 2, reducing the Cut off wall from 24 to 12 inches, if that was going to result in earlier potential leaks? **Adam Paisley** with Schnabel replied the 24 inch overlap was based upon convention but he didn't think there would be much of a difference in the wall by reducing the overlap. However, it is contingent upon the demonstrated performance.

Commissioner Guzulaitis then asked if relocation of the LOD will need to be resubmitted to Dam safety. **Mr. Hanson** said he did not think so and explained why.

Commissioner Guzulaitis then inquired in terms of engineer reduction, is a 24 month possible timeline a problem? **Mr. Hargrove** responded there was some talk on the street that some contractors felt like they could do this project in 24 months. But this contractor doesn't think a 24 month timeline is good. A 30 month timeline is achievable.

Commissioner Guzulaitis wondered what shared risk meant? **Mr. Hargrove** explained a contractor may have reduced their engineering costs based on a 30 month project timeline. If a hurricane came in that could jeopardize their timeline, they don't want to work for free if the timeline extends to 34 months. That is what we would call a shared risk. You can't know what mother nature is going to do.

Commissioner Guzulaitis also mentioned there was discussion about trying to save some of the clay material. In the past we have had sink holes develop in the lakebed. We may want to keep some of that material in storage for future use if another sinkhole arises. It would behoove the city to find an area to keep that material.

Commissioner Guzulaitis added that he looked forward to getting the contract approved, although he had an issue with the wall cutoff reduction. It doesn't save us all that much money. We want this to be rock solid for the next 100 years so he would rather not cut that out.

Commissioner Mammay stated there is a lot of contingency that was built in the price, how can we track that? **Mr. Hanson** replied as part of our contract with the City we will be working closely with Finance as the project is authorized for payment. As we are moving our way through and looking at bid amounts in the original contract, if we identify that we are using more material than expected and it looks like we may be exceeding the overall value, there may be opportunities to make that up as we move to the other dams. All four dams being done together does provide some benefit for it to be made up within the project. As we work through the project and identify elements of work over what we originally had built into the contract, the first 10% over is on the contractor. Further discussion took place about how contingency will be tracked.

Commissioner Guzulaitis asked if a monthly report will be provided. **Mr. Hanson** replied it will be supplied weekly to staff. We will meet with contractor regularly to go over the contract schedule.

Mayor Winecoff asked if the 30 month timeline will start when the project is mobilized or construction actually begins. **Mr. Hanson** replied that will be up to contractor, we will discuss that with them.

Commissioner Guzulaitis opined he would rather stay within the original scope of 24 inch cut off wall and not 12. I don't want someone from Dam Safety saying it should have been 24 inches. That is just my thought.

Commissioner Mammay stated the designer of the dam is here now. The dam they designed is a Cadillac. I don't know that they would be recommending it if it was not feasible. **Commissioner Guzulaitis** responded these other things are structural, but the cut off wall is the backstop of the system. Having been intertwined with this project for 3 years, it concerns me to change that part of the design for not a giant deduction in cost.

Mr. Paisley stated the difference is soil mixing is going to perform differently for every project site. It depends on how much water is in the subsurface materials and what they consist of. Are they clay or sand, etc.? There are a lot variables that go into how they perform. This is a very specialized method that has been around for many years. Schnabel does a lot of dam designs but this is not something that we are experienced in. For that reason we have a specialty sub-consultant on our team and we had a lengthy discussion with him.

Mr. Paisley added he understood the BOC was looking for cost savings and this is a cost savings, but in the realm of \$2.4 Million to \$2.6 Million, \$250,000 is not an insignificant piece. Rest assured we will be doing substantial testing to make sure the proposed overlap will perform as intended.

Mayor Winecoff asked if this method had been used in the past. **Mr. Paisley** replied yes, and it has been successful. **Commissioner Guzulaitis** said he would rather spend \$250,000 now then later, fixing it. Further discussion took place about the design standards in the industry and sharing in the risk. **Mr. Paisley** felt any further questions were best suited to be answered by the specialty subcontractors; they do it every day.

Motion to award construction/reconstruction contract to Sequoia subject to value engineering agreement, other than item No. 2, which I oppose

Moved by: Tom Guzulaitis

No Second Motion Died

Motion to award construction/reconstruction contract to Sequoia Services, LLC as it stands with Value Engineering

Moved by: David Mamma

Seconded by: Kimberly Sherwood

Motion Carried 4-0

5. Adjourn

Motion to adjourn the meeting at 4:35 p.m.

Moved by: Kimberly Sherwood

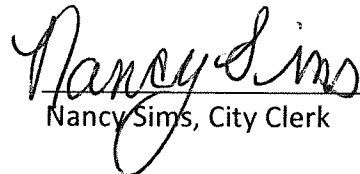
Seconded by: David Mamma

Motion Carried 4-0





Jeff Winecoff, Mayor



Nancy Sims, City Clerk



City of Boiling Spring Lakes
9 East Boiling Spring Road
Southport, NC 28461

STAFF REPORT

Agenda Date: 05-10-2023

Title: Dam Reconstruction Value Engineering

Department: City Manager

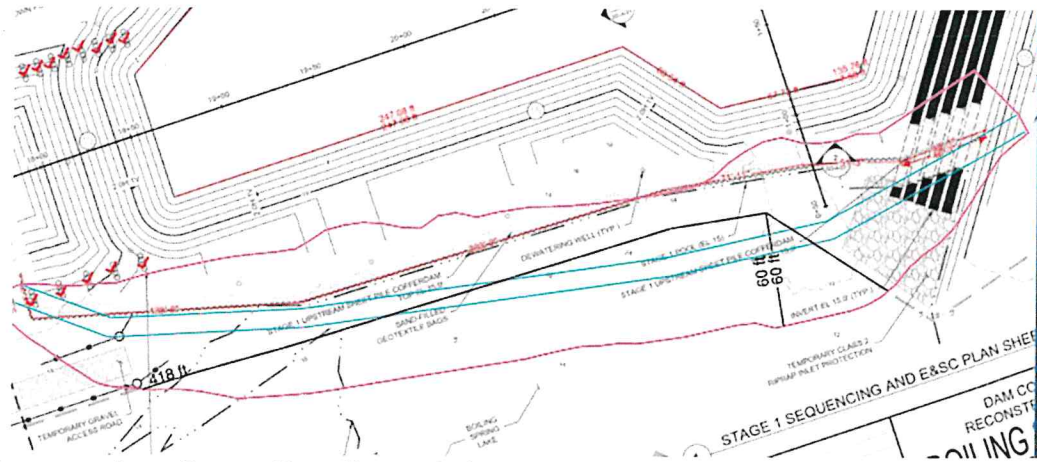
Background Information: Reconstruction costs for the four dams during Hurricane Florence was estimated at \$52 million dollars as of May, 2022. The cost estimates included construction of the dam, management costs, associated permitting and regulatory paperwork. The city received bids for reconstruction on March 31st, 2023. Sequoia Services, LLC, was the low bidder. Sequoia's bid for construction of the dams was \$46 million. Project management costs, construction management costs, associated permitting and regulatory paperwork increased the cost of dam reconstruction to approximately \$59 million dollars. The Board of Commissioners, in an effort to reduce the cost of the project, authorized city staff to engage Sequoia Services, McGill Engineering, and Schnabel Engineering to reduce the cost of the project.

Prior to the discussion with Sequoia Services, McGill Engineering, and Schnabel Engineering concerning areas of savings, all three contactors expressed concerns related to risk with city staff. All three indicated there were areas where savings could be found, but some of these opportunities would be based on assumptions while some opportunities were not. All three want assurances that if some assumptions were not accurate then the city would be willing to discuss shared costs with the contractors.

Value Engineering

We have reviewed the VE's discussed in the meeting held on May 4th, 2023. These VE's are listed below along with their associated cost savings.

- 1) **Extend the LOD for Soil Cofferdam at Sanford Dam:** The upstream LOD will be relocated into the lakebed to allow for an additional 16,000 SF of work area. The relocation of the LOD will be sufficient for the construction of a soil cofferdam with 3:1 slopes.
(\$750,000.00) Deduct.



- 2) **Reduce overlap of Cut Off Wall Panels from 24" to 12"**: The overlap of the Cut Off Wall panels will be reduced to 12". Section 315613 Part 3.1 C shall be revised to read "Overlaps shall extend a minimum of 12 inches into previously constructed Wall Panels". This method will be verified during the test section of the wall. Should the overlap need to be increased for any reason the credit will be added back into the contract value. No additional QC work has been included in the pricing. **(\$250,000) Deduct.**
- 3) **On-site/Off-Site Common Fill**: Revise bid item 14 - Item 14A On-Site Common Fill 15,000 CY at \$10.15/CY total 152,250.00 and 14B Off-Site Common Fill 24,800 CY at \$40.00/CY total \$992,000.00. Sequoia reserves the right to use part of the excavation as access roads for the MIP Panels and Cut Off Wall.

Item No.	Description	Unit	Estimated QTY	Bid Price	Unit	Bid Amount
14A	On-Site Common Fill	CY	15,000	\$10.15		\$152,250.00
14B	Off-Site Common Fill	Cy	24,800	\$40.00		\$992,000.00

(\$208,950.00) Deduct.

- 4) **Disposal of Soil at 1804 Old Mill Creek Rd SE Winnabow, NC**: Disposal of any soil from the excavation or spoils from the MIP Panels and Cut Off Wall will be taken to 1804 Old Mill Creek Rd SE. Material will be spread across approximately 7 ACs and tracked in with a dozer. Any permitting will be by others and the material will become the property of the owner upon placement. Sequoia will be released from any and all liability associated with the material placed on the property. Sequoia will clear the existing trees and remove 6 inches of soil for respread at the end of placement. Sequoia will seed the area upon completion. **(\$295,500) Deduct.**
- 5) **Remove Traffic Control**: The city will be responsible for managing traffic control as necessary for construction. Reduced unit rates will be as shown below:

Dam	Item No.	Description	Unit	Estimated QTY	Bid Price	Unit	Bid Amount
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Sanford	7	Traffic Control	MO	18	\$1,100.00	19,800.00
Upper	7	Traffic Control	MO	8	\$188.00	\$1,504.00
North	7	Traffic Control	MO	12	\$120.00	\$1,440.00
Pine	7	Traffic Control	MO	12	\$120.00	\$1,440.00

(\$96,736.00) Deduct.

- 6) **Removal of camera equipment:** Sequoia will utilize app based motion cameras to secure site. Additionally, the contractor will provide aerial drone footage once a month. **(\$80,000.00) Deduct**
- 7) **McGill Engineering:** reduction of engineering costs based on 30 month project duration. **(100,000.00) Deduct**
- 8) **Schnabel Engineering:** (1) deduct reduction of engineering costs based on 30 month project duration. **(\$633,200.00) Deduct**

Financial Impact:

Project cost: \$59,000,000.00
 To date paid: - 2,800,000.00
 \$56,200,000.00
 Value Engineering \$ -2,414,386.00

Project Cost \$53,785,614.00 estimated project cost (based on assumed shared risk)

****These numbers are an estimate only****

Staff Recommendation:

City staff recommends awarding the contract to Sequoia Services LLC. City staff recommends awarding project management and construction management to McGill Engineering and Schnabel Engineering to maintain continuity in the project and prevent any delays associated with changing engineering consultants at this time.

Attachments: