

Trustees,

I received the *following questions*; please see [my response in blue](#) below each *question*:

1. *The diagram in the packet doesn't show Segment 3. I am going from memory, but recall Segment 3 to be in the worst condition and had been planned to be the first to be replaced. This appears to have been changed. Would you please clarify this?*
 - a. The plan for construction is to replace approximately 6 miles of the remaining, original effluent pipeline along Hwy 28.
 - b. The plan for construction phasing was discussed by the Engineering and Maintenance teams over the past year or so. The teams are extremely concerned about the high pressures in Segment 2 and whether a significant leak in this segment could be repaired in the minimal time available with limited effluent storage capacities at the treatment plant. This section of pipeline carries the most risk to the District if it fails. We have successfully repaired pipeline failures on the lower pressure Segment 3. Therefore, we are pursuing advancing replacement in the higher-pressure segments.
 - c. The first phase of replacement proposed is the segment shown on the map in the Board packet. This is proposed for the following reasons:
 - i. Most of the work is within the high pressure segment, although a portion of the south end of the proposed work is within Segment 3.
 - ii. The NDOT project requires that our pipeline be relocated early next summer so that the current NDOT drainage improvement project can be completed within their current contract schedule by Fall 2023. The proposed IVGID work includes approximately 2,000 lineal feet within the NDOT project area and proceeds north and south of this area. At the June 10, 2020 Board meeting the Trustees declined to collaborate with NDOT on having them relocate this line so now we are under pressure to get the work done to avoid substantial delays to their contractor, which translates to costs to the District. IVGID may be responsible for some delay costs associated with the NDOT contractors' efforts on the project during this current construction season.
 - iii. The proposed phase of work is to install the ductile iron pipeline material. Rather than "hopscotching" along the alignment to Segment 3, it is prudent to work adjacent to the required NDOT project and more efficient for the District contractor to work with one type of pipe during the initial construction season.
 - iv. My team and I will continue to make decisions to minimize overall risk with focus on the best interest of the District.

2. If this is a material purchase, why does staff need Granite? Isn't this something staff has the skill set to do? What is the markup % for Granite to do this work?

- a. The Board memo provides explanation for why staff is recommending Granite purchase the pipe materials, outlined as follows:
 - i. Procuring construction materials is something Granite Construction does regularly on projects that they construct.
 - ii. Granite Construction will be responsible for securely storing the material at a mutually agreed upon location, or can negotiate on-time deliveries.
 - iii. Granite Construction will be responsible for the condition of the material.
 - iv. Granite Construction will be responsible to ensure all materials are ordered and available for construction.

To add to the above, the purpose of the early purchase of pipeline materials is to minimize the known risk of long lead times and material availability for an anticipated construction start date of May 2023. To reiterate, Granite - soliciting and procuring the pipeline materials - will take on the full responsibility for procurement, administration, storage, security, handling, and warranty of the materials that they will install as part of the project.

- b. If staff orders the materials, all interim risk is shifted to IVGID. In addition, if a particular fitting is not ordered and is needed, during construction, the delay cost would be borne by IVGID. It is not in the best interest of the District to accept this risk.
- c. The markup on the material purchase is yet to be determined and should be negotiated. In Granite's 2021 proposal, their CMAR Construction Services Fee (expressed as a percentage of the TOTAL construction costs) is 14%. The total construction costs includes material purchases so under this scenario the applied markup would be 14%. However, the District is not currently contractually committed to the 14% CMAR fee.