

# Loxahatchee River District

Water Reclamation | Environmental Education | River Restoration

2500 Jupiter Park Drive, Jupiter, Florida 33458-8964

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D. Albrey Arrington, Ph.D., Executive Director

## MEMORANDUM

**TO:** D. ALBREY ARRINGTON, Ph.D., Executive Director

**FROM:** CLINTON R. YERKES, Deputy Executive Director

**DATE:** OCTOBER 7, 2015

**SUBJECT:** JUPITER INLET COLONY NEIGHBORHOOD REHABILITATION-Engineering  
Approval of Letter of Understanding

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The Jupiter Inlet Colony Neighborhood Rehabilitation project design, permitting and bidding were recently completed and bids were received in August. As discussed in other agenda items on this subject we are awaiting the award of contract for construction.

As mentioned last month, the District was advised by ARCADIS US, INC. that Tom Jensen, P.E., project manager for the Jupiter Inlet Colony project, would no longer be working with ARCADIS. However, Mr. Jensen and ARCADIS have expressed a desire to maintain their respective commitments to the project, and proposed an arrangement to avoid additional costs, maintain the time commitments made in the original contract, and avoid questions of responsibility.

Mr. Jensen has joined the engineering firm of Kimley-Horn & Associates, who have agreed to work with ARCADIS to allow Mr. Jensen to complete his commitment to this project. ARCADIS has attempted to address District concerns in a forthright manner as provided in the attached correspondence and recent discussions. During the CCNA selection process, Mr. Jensen's experience, qualifications, and commitment were determined to be essential to the success of the project.

District staff have reviewed the various options to proceeding with the Engineering Services on this contract. Under the conditions set forth in the Letter of Understanding we believe that the ARCADIS/Kimley-Horn option provides the greatest opportunity for maintaining costs and success of completion.

This item is being presented to the Board for approval since the original contract was approved by the Governing Board and this is a substantial change in the terms of the contract, although it is not expected to impact the cost of the Engineering Services.

The Letter of Understanding is not available as of the distribution of the notebooks, however the attached letter addresses a number of the District concerns discussed. We expect the Letter being prepared by ARCADIS will be available Monday and distributed upon our receipt.

Gordon M. Boggie  
Board Member

Dr. Matt H. Rostock  
Board Member

Stephen B. Rockoff  
Chairman

Harvey M. Silverman  
Board Member

James D. Snyder  
Board Member

The following motion is suggested for approval of this change:

**“THAT THE DISTRICT GOVERNING BOARD authorize execution of the Letter of Understanding dated \_\_\_\_\_ between the District and ARCADIS US, INC. regarding the Engineering Services Contract for the Jupiter Inlet Colony Neighborhood Rehabilitation project.”**

V:/cip/proj/JupInltClnySewering/engineering chng/Board Mmo Approval



Mr. Albrey Arrington, PhD, Executive Director  
Loxahatchee River District  
2500 Jupiter Park Drive  
Jupiter, FL 33458-8964

Subject:  
Jupiter Inlet Colony

Dear Mr. Arrington:

Thank you for the continuing opportunity to find a solution to the construction services staffing matter related to the referenced project. This letter will serve to expand, extend and modify our September 4, 2015 letter on the subject in reaction to the items discussed in the subsequent telephone call. The following items are relevant.

- ✓ 1. Our prior letter indicated our intent was to staff the project in a manner that was unchanged from that which was originally contemplated. The intent of this statement was to reflect that under the proposed approach the project would continue to be primarily staffed as previously planned, by Mr. Jensen and Mr. Farrell, for the vast majority of the time required to complete the work. That remains the intent. It is accurate, however, to note that support staff may be somewhat different to reflect circumstances. As example, Mr. Jensen may utilize a different administrative assistant than originally contemplated and it is true that our Autocadd designer has retired and been replaced. We do not believe these changes will have a material effect on the ability of the team to deliver.
2. As per your request, enclosed please find a letter from Kimley Horn stating that Mr. Jensen will have the same 30% availability of time as contemplated in our original response during the selection process.
- ✓ 3. This will confirm the intent to use Mr. Farrell as the resident project representative, as originally planned.
- ✓ 4. This will confirm there will be no duplication of effort regarding administrative services. Mr. Jensen may use such services from Kimley Horn or ARCADIS, but regardless they will not be duplicated.

Imagine the result

ARCADIS U.S., Inc.  
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West Palm Beach  
Florida 33411  
Tel: 561 697 7000  
Fax 561 697 7751  
[www.arcadis-us.com](http://www.arcadis-us.com)

WATER RESOURCES

Date:  
September 14, 2015

Contact:  
Patrick Flannelly

Phone:  
205.266.5276

Email:  
[Patrick.flannelly@arcadis-us.com](mailto:Patrick.flannelly@arcadis-us.com)

Our ref:  
WF900245.00LS



- ✓ 5. Subcontracted services from JLA will continue, as originally planned, to be invoiced directly through ARCADIS. Mr. Anderson, however will report to Mr. Jensen relative to all project matters.
6. There was a discussion related to creating an instrument whereby the District would be indemnified relative to any dispute that may occur between Kimley Horn and ARCADIS on to this project. Although neither firm believes this will occur, in principle, we have no objection. However, the sample language supplied (attached) appears to be directed somewhat differently. If we misunderstood the intent or you would like us to develop some suitable language to capture our perceived intent, please advise.
7. As you know, going forward we have proposed to use either a lump sum fee approach or a partial lump sum fee approach (as opposed to the original contract time and material approach) principally to limit the District's fee overrun exposure and address some of the other expressed concerns. We continue to feel this may be preferable for the reasons cited and remain willing to implement. However, we also understand and accept the District's desire for a time and material preference. To go directly to the challenge that creates for us, simply stated, the minimum rate that KH is able to accept for Mr. Jensen's time is well in excess for the rate represented in our contract with the District. To be specific, it was understood by all parties and noted in our cost breakdown to the District that for the construction services Mr. Jensen would be performing all of the Senior PM services at a rate of \$175/hour and a portion of the Senior Engineer services at a rate of \$155/hour. The total hours contemplated (for all portions) in each category were PM = 265 hours and SE = 675 hours. The original fee breakdown summary is included for your reference. Our cost to KH for Mr. Jensen's services will be \$230/hour.

Although it creates an obvious shortfall for us, ARCADIS will honor its original commitment with Mr. Farrell's services, estimated to be 2438 hours over the course of the project and Mr. Jensen's services, estimated to be all of the PM services (265 hours at \$175/hr) and half of the SE services (335 hours at \$155/hr). The remainder of the SE services can be supplied either by a suitable person from ARCADIS (as originally planned) but under Mr. Jensen's direction or a similar person from KH (also under Mr. Jensen's direction).

Mr. Arrington, we do not wish to take a loss on this project but we do want to make this work and do the right thing for the District. We are also appreciative of Kimley Horn's willingness to make Mr. Jensen available for this project (something they no doubt did not contemplate). Mr. Jensen has taken full ownership of this

project and very much wants to see it through to proper completion. We do too and hope you will see the benefit of having the original design team in place with this level of commitment to perform for the District.

Please let us know how to proceed and call either of us should you have question or wish to meet. Thank you.

Very Truly Yours,

ARCADIS U.S., Inc.



Patrick Flannelly, P.E.  
Executive Vice President




William D. Reese, PE  
Vice President

Encl:



**MEMORANDUM**

To: William Reese, P.E.   
From: Russell Barnes, P.E.  
Kimley-Horn and Associates, Inc.  
Date: September 16, 2015  
Subject: Tom Jensen, P.E., Availability

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Kimley-Horn and Associates, Inc. (KHA) has submitted a proposal to Arcadis, Inc. to provide professional services in association with an ongoing contract with the Loxahatchee River Water Management District. The project is referred to as the "Jupiter Inlet Colony Neighborhood Rehabilitation" and generally includes an upgraded gravity sewer system in the Water Control District, potable water distribution system in the Village of Tequesta, and a stormwater upgrade in Jupiter Inlet Colony. The overall project construction schedule is estimated to be sixteen (16) months. At this time, the project has been bid and is awaiting award to a contractor.

KHA will be providing limited Construction Administrative services to Arcadis to support the overall project. KHA will be providing professional engineering support to the project while Arcadis will supply field representation during construction. It is expected that KHA staff will interact directly with the owner and field representative during the project.

KHA will commit that Tom Jensen has the availability to serve this project throughout the duration of the contract. At this time, Tom and a support engineer will be providing the majority of the support for the project. We are estimating that approximately 35- 40 hours per month will be provided by Tom on this specific assignment and KHA commits that Tom will have that availability.

Please call me with any questions.