



Alliance Water Board Approves Cost Saving Measures

In December 2019 the Alliance Regional Water Authority (Alliance Water) Board of Directors approved cost saving measures totaling \$39.7 million to be incorporated into its Phase 1B Program. The Phase 1B Program consists of drilling and equipping new Carrizo groundwater wells, a greenfield water treatment plant, a booster pump station, 85-miles of treated transmission lines and connections to each Sponsor's existing water system. Water is scheduled to be delivered starting in June of 2023.

The approval was the culmination of a seven-month process where the Alliance Water Staff was directed to determine possible cost saving options and then evaluate the impacts of their incorporation into the Phase 1B Program. A total of nine measures were evaluated to determine the potential cost savings of each and the short-term and/or long-term impacts on the operations of the future water system. Alliance Water Staff has already begun working with the consultants on the Phase 1B Program to incorporate the approved changes.

More information regarding the specific modifications are provided in the attached resolution.



ALLIANCE WATER

RESOLUTION NO. 20191218-001

A RESOLUTION OF THE ALLIANCE REGIONAL WATER AUTHORITY BOARD OF DIRECTORS APPROVING MODIFICATION OF THE PHASE 1B PROGRAM TO INCORPORATE COST SAVING MEASURES, AND DECLARING AN EFFECTIVE DATE

RECITALS:

1. The Alliance Regional Water Authority (the "Alliance Water") approved the Execution Structure and Other Items related to Alliance Water's Phase 1B Program through the adoption of Resolution 20171025-006. It also adopted changes to the Canyon Regional Water Authority delivery location and flowrate through the adoption of Resolution 20180627-004.

2. Preliminary construction cost estimates for the Phase 1B Program have indicated that costs may exceed the initial planning estimates and the committed funding amount of \$213.4 million approved by the Texas Water Development Board for Alliance Water.

3. The Alliance Water Staff and Owner's Representative have undertaken efforts to identify various cost saving measures that could be implemented in the Phase 1B Program to reduce the anticipated construction costs. Eight possible cost saving measures were presented to the Alliance Water Board of Directors at a Workshop Meeting held on October 16, 2019.

4. At their December 11, 2019 meeting, the Technical Committee unanimously recommended to the Board the incorporation of the following cost saving measures into the Phase 1B Program:

- a. Pipeline Peaking Factor: Reduce the peaking factor in the Segment A Pipeline (Water Treatment Plant to Lockhart) from a 1.5 multiplier to a 1.3 multiplier. This equates to a change in pipe size from a 48-inch diameter to a 42-inch diameter pipeline. The Segment A project will be bid at both the 48-inch and 42-inch pipeline sizes so that at the time of construction award, an evaluation may be conducted to determine if the larger pipeline size should be utilized based on actual, not projected, cost data.
- b. Facility Peaking Factor: Reduce the peaking factor in the Water Treatment Plant and Booster Pump Station projects from a 1.5 multiplier to a 1.0 multiplier. During the final design phase of each project, determination should be made as to items that can or cannot be feasibly expanded in the future. Any items that cannot be feasibly expanded in the future, should be built at the full 1.5 peaking factor capacity during the Phase 1B project.

- c. Repackaging of Construction Contracts: While utilizing the Competitive Sealed Proposal process for the selection and award of the construction projects, add an option whereby contractors identify the savings if they are awarded Pipeline Segments A, B the Water Treatment Plant and Booster Pump Station simultaneously. The Program may consider expanding this repackaging to include Pipeline Segments C, D and E.
- d. Isolation Valve Spacing Revision: Revise the Phase 1B Program design criteria to extend the maximum spacing between the isolation gate valves for the five pipe segments from 5,000-feet to 13,000-feet while still placing valves at critical locations and balancing spacing distance with the accessibility of the valve and risk associated with significant crossings.
- e. Stream Crossing Variance: Revise the Phase 1B Program design criteria to seek an exception from the Texas Commission on Environmental Quality (TCEQ) to eliminate the requirement to utilize pipeline encasement at smaller streams that are typically dry or those that show no signs of regular flows.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY:

PART 1. The Technical Committee's Recommendations detailed in Recital #4 are hereby approved.

PART 2. Alliance Water's Executive Director, Graham Moore, is directed to incorporate the recommendations into the Phase 1B Program.

PART 3. This Resolution shall be in full force and effect immediately upon its passage.

ADOPTED: December 18, 2019.

ATTEST:

Chris Betz
Chair, Board of Directors

James Earp
Secretary, Board of Directors