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CAUCASUS

MUNICIPAL INFRASTRUCTURE AND IDP HOUSING REHABILITATION PROJECT

CONTRACT: AID-EDH-I-00-08-00027-00
TASK ORDER: AID-114-TO-13-00005

Annual Report October 2013 – September 2014



October 31, 2014

Mr. George Kokochashvili
Contracting Officer's Representative (COR)
Office of Economic Growth
United States Agency for International Development
11 George Balanchine Street
Tbilisi, 0131, Georgia

Re: Annual Report (October 1, 2013 – September 30, 2014) for the Municipal Infrastructure and IDP Housing Rehabilitation Project

Dear Mr. Kokochashvili:

This report is being submitted to you in accordance with the requirements of Task Order No. AID-114-TO-13-00005 of Contract AID-EDH-I-00-08-00027-00. It provides Tetra Tech's Annual Report (October 1, 2013 – September 30, 2014) for the Municipal Infrastructure and IDP Housing Rehabilitation Project.

We look forward to your review and welcome your comments and suggestions.

Very truly yours,



Glen A. Wills, PLS
Chief of Party
Tetra Tech, Inc.

CC: USAID (Carol Wilson); Tetra Tech (Firouz Rooyani, Dean White, Brian Potvin, Tetra Tech DCC)

LIST OF ACRONYMS

BEO	USAID Bureau Environmental Officer
BOQ	Bill of Quantities
BSG	Black Sea Group LTD
CC	Collective Centers
CM	Construction Management
COP	Chief of Party
COR	Contracting Officer's Representative
CQS	Consultants' Qualification Selection
DB	Design-Build
DCC	Document Control Center
DH	Durable Housing
DM	Station distance along canal
DQC	Design Quality Control
DRC	Danish Refugee Council
EA	Environmental Assessment
EHS	Environmental, Health & Safety
EOI	Expression of Interest
ERW	Explosive Remnants of War
ESS	Environmental Scoping Statement
EC	Evaluation Committee
FBO	Federal Business Opportunities
GEL	Georgian Lari
GMIP	Municipal Infrastructure and IDP Housing Rehabilitation Project
GoG	Government of Georgia
GUWC	Georgian United Water Company
Ha	Hectare
HO	Home Office
IDP	Internally Displaced Persons
IFB	Invitation for Bid
IL	Implementation Letter
ITQ	Invitation to Quotation
JSC	Joint Stock Company
JV	Joint Venture
KM	Kilometer
LOE	Level of Effort
LTTA	Long Term Technical Assistance
M	Meter
M80	Mshenebeli 80 LTD
MDF	Municipal Development Fund
MRA	Ministry of Internally Displaced Persons from Occupied Territories, Accommodations and Refugees of Georgia
MRDI	Ministry of Regional Development and Infrastructure
NEO	New Economic Opportunities (USAID Project)
O&M	Operations & Maintenance
PEA	Programmatic Environmental Assessment
PM	Project Manager
PMP	Performance Monitoring Plan
QA/QC	Quality Assurance/Quality Control
QBS	Quality Based Selection
RCO	USAID Regional Contract Officer
RFP	Request for Proposal
RFQ	Request for Quotation
SSEMP	Site Specific Environmental Mitigation and Monitoring Plans
SSECP	Site Specific Environmental Compliance Plans
STTA	Short Term Technical Assistance
SWWIS	Septic Tank with Infiltration Field
TOR	Terms of Reference
TT	Tetra Tech, Inc.
USAID	United States Agency for International Development
USD	United States Dollar
WWT	Wastewater Treatment
WWTF	Wastewater Treatment Facilities

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INTRODUCTION

This is the fourth Quarterly Report submitted under Task Order EDH-I-00-08-00027-00, TO ID-114-TO-13-00005; Municipal Infrastructure and IDP Rehabilitation Program. The reporting period is for the USAID Annual Report which covers the period from October 1, 2013 through September 30, 2014. This contract, referred to as GMIP II, began on July 29, 2013 as a follow-on contract to GMIP I.

Under the United States Agency for International Development (USAID)/Caucasus Municipal Infrastructure and IDP Housing Rehabilitation Project (GMIP) Contract No. AID-EDH-I-00-08-00027-00; Task Order No: AID-114-TO-13-00005, Tetra Tech, Inc. is responsible for providing services to monitor current processes and practices, identify and mitigate areas of risk, and carry out oversight and quality control efforts. The objective is to ensure that selected infrastructure is implemented effectively and in accordance with US and Georgian standards and regulations. Efforts will compliment the work that MDF does or might perform. The monitoring and oversight role will encompass all areas of the project, from procurement planning to final acceptance. This will help ensure that infrastructure deliverables are effective and efficient, and that implementation is carried out within allowable budgets, time constraints, and accepted quality standards.

The period of performance for this cost plus fixed fee contract is seventeen (17) months from the notice to proceed date of July 29, 2013, when mobilization/transition readiness and kick-off activities began in the existing Tetra Tech Tbilisi Offices. All work is to be completed by December 31, 2014.

1. Reporting Period – Annual Report 2013-2014

From October 1, 2013	To September 30, 2014
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2. Publications/Reports

Did your organization support the production of publications, reports, guidelines or assessments during the reporting period?

No/Not Applicable

Yes

If yes, please list below:

Publications/Reports/Assessments/Curriculum

Title	Author	Date
Assessment Report of 11 Additional Buildings Submitted by MRA	Temur Levanishvili, TT IDP Building Rehab PM	15-MAY, 2013
Assessment Report of Two Additional Buildings – Tbilisi Sea Area	Temur Levanishvili, TT IDP Building Rehab PM	6-DEC, 2013 (Revised Dec. 20, 2013)
Assessment of Nine (9) Additional Buildings Proposed by MRA (Collective Center Component)	Temur Levanishvili, TT IDP Building Rehab PM	18-FEB, 2014
Assessment of Five (5) Additional Buildings Proposed by MRA (Collective Center Component)	Temur Levanishvili, TT IDP Building Rehab PM	31 JAN, 2014
Summarized List of Deficiencies (10 Unoccupied Buildings Component)	Temur Levanishvili, TT IDP Building Rehab PM	28-JAN, 2014 (Initial) 6-14, MAR, 2014 (Final)
Warranty assessment of road construction – Gorijvari Rd. (Municipal Infrastructure Component)	Andrew High, DCOP	28-MAY, 2014
Warranty assessment of road construction – Dusheti, Mtskheta, Gori, Sagolasheni-Dvani Roads (Municipal Infrastructure Component)	Givi Varduashvili, Civil Engineer	20-MAY, 2014
Warranty assessment of road construction – Oni Roads	Givi Varduashvili, Civil Engineer	16-MAY, 2014

<i>(Municipal Infrastructure Component)</i>		
Assessment of 5 buildings (collective centers) for possible rehabilitation <i>(Durable Housing Component)</i>	Temur Levanishvili, TT IDP Building Rehab PM	1-APR, 2014
Multiple evaluation reports of defects in the Saltvisi/Tiriponi Canal system.	Otar Maghalashvili, Irrigation Engineer	MAY, 2014
Final Inspection Report <i>(Municipal Infrastructure and Irrigation Component – Oni Water supply)</i>	Givi Varduashvili, Civil Engineer	11-AUG, 2014
Post Rehabilitation Inspection Report <i>(IDP Durable Housing Component - Ten Unoccupied Buildings)</i>	Temur Levanishvili, TT IDP Building Rehab PM	24-SEPT, 2014

3. Technical Assistance

Did your organization utilize short-term technical assistance during the reporting period?

No/Not Applicable

Yes

Please list below:

Consultants/TDYers

Name	Arrival	Departure	Organization	Type of assistance provided
A Scott Nagel	October 20, 2013	November 23, 2013	Tetra Tech	Senior field Supervision for Irrigation and Housing
Mila Bobu	September 7, 2014	Sep 21, 2014	Tetra Tech	Contractual Support – Initial Closeout Review

4. Travel and Visits

Did your organization support international travel during the reporting period?

No/Not Applicable

Yes

Please list below:

International Travel (All international travel)

Name	Destination	Departure	Arrival	Host Organization	Purpose of the travel
A Scott Nagel	Tbilisi Office	19-Oct, 2013	20-Oct, 2013	Tetra Tech	Assist with Field Supervision
A Scott Nagel	US/HQ	23-Nov, 2013	23-Nov, 2013	Tetra Tech	Return to US HQ
Mila Bobu	Tbilisi Office	6 Sept, 2014	7 Sept, 2014	Tetra Tech	Contractual Support
Mila Bobu	US/HQ	21 Sept, 2014	21 Sept, 2014	Tetra Tech	Return to US HQ
Andrew High	US/HQ	12 Aug, 2014	12 Aug, 2014	Tetra Tech	DCOP end of assignment Return to US HQ

Have any Monitoring Visits/supervision been made to your program during the reporting period?

Description of Monitoring team	Start date	End date	Sites visited	Written recommendations provided
Home Office Management	10/1/2013	10/31/2014	GMIP Tbilisi Office through conferencing	Multiple weekly conference calls provide QA/QC and additional resources required to support in-country team on production of work activities, deliverables and project financials.
USAID Contractor Mendez England & Associates	9/1/2014	9/22/2014	Tbilisi Office	Meeting with Evaluation Team in MIP and IDP/DHP Project

5. Accomplishments and Successes during the Reporting Period

Component 1: Municipal Infrastructure and Irrigation

Municipal Infrastructure

ONI Water Supply

The ONI water supply project was implemented through a design-bid-build contract. Rehabilitation of water supply head works in the town of Oni was awarded to New Development Company Construction Ltd (NDC) in August 2013. The addition of an on-site bathroom facility was made to the scope of work. The construction works are complete. Tetra Tech inspected accomplished works on August 7, 2014; report was submitted on August 11. Hand-Over Certificate was signed on August 20, 2014 on the fact that on July 30th, 2014 (Contractor) "NDC Construction" Ltd. completed rehabilitation of head works for Town Oni water supply system as per the Contract #USAID/CW/ICB/06-2012. Inauguration event was held on September 24th, 2014.

ONI Roads

The warranty period for this sub-contract (Rehabilitation of Internal Roads in Town Oni - ICB No: USAID/CW/ICB/03-L2/1-2012) expired on June 13, 2014. Tetra Tech performed a comprehensive evaluation of the work prior to the warranty expiration (see Section 2 above). Based on the results of our evaluation, the contractor made repairs to the road. Final acceptance inspection was pending at the close of this reporting period.

Gorijvari Road

The warranty period for the Gorijvari road sub-project expired during this reporting period (on June 15, 2014). Tetra Tech performed a comprehensive evaluation of the work prior to the warranty expiration (see Section 2 above). The contractor made remedial repairs, but subsequent review by Tetra Tech revealed there were inadequacies remaining. Additional repairs were needed at the close of this reporting period. MDF has the final inspection report for additional actions needed.

Mtskheta Roads

The warranty period for the Mtskheta roads sub-project expired on June 15, 2014. Tetra Tech performed a comprehensive evaluation of the work prior to the warranty expiration (see Section 2 above). The contractor made remedial repairs. A final inspection revealed all observed deficiencies had been repaired satisfactorily.

Dusheti Roads

The warranty period for the Dusheti roads sub-project expired during this reporting period (on June 15, 2014). Tetra Tech performed a comprehensive evaluation of the work prior to the warranty expiration (see Section 2 above). The contractor made remedial repairs, and the final inspection was pending at the close of this reporting period.

Sagolasheni-Dvani Road

The warranty period for the Sagolasheni-Dvani road sub-project expired during this reporting period (on June 15, 2014). Tetra Tech performed a comprehensive evaluation of the work prior to the warranty expiration (see Section 2 above). Based on or evaluation, no remedial work was required.

Irrigation

Two irrigation sub-projects, referred to as the "Saltvisi Canal Systems" and the "Tiriponi Canal Systems" were implemented under a single design build contract. During previous reporting periods, the scope of work was altered significantly, primarily due to cost and schedule constraints. The work is contractually complete with an end date of 1 JUL, 2014. Due to disagreements between the contractor and MDF/Tetra Tech/USAID during this reporting period, intensive field investigations were conducted to review and evaluate new works (performed from Oct, 2013, to May, 2014) as well as construction work (performed between Oct, 2012 and May 2013). Due to contractor delays and poor construction, numerous areas of defective construction have been found. A series of

initial assessment reports were prepared by Tetra Tech identifying those areas. Since the commencement of the irrigation season, additional defective construction has been identified. During the upcoming reporting period, Tetra Tech will conduct additional inspections to quantify the observable defects above the waterline. A complete inspection will be required once the irrigation season ends, which is anticipated to be 15 OCT, 2014. Only at that time will it be possible to provide a full list of corrective works needed, and a schedule devised to indicate a timeline. Based on documentation provided by MDF, the corrective work will be completed by April 1, 2015.

A funding surplus of approximately 300,000 (USD) was identified under this component. The surplus was due to modifications to the original scope of work and a favorable shift in the currency exchange rate [NOTE- the amount of surplus funds is subject to significant changes due to a fluctuating currency exchange rate and potential modifications to the on-going contracts].

Based on the discussions, the following work was performed with the additional funds during this reporting period:

- Cleaning of an additional 600 meters of the Tiriphoni Main canal in the vicinity of the Occupied Territory of Tskinali Region (South Ossetia) border (STA 129+83).
- Rehabilitating an additional section of the Saltvisi Main canal in the vicinity of the town of Nikozi (STA 2 +14).

In addition, equipment will be purchased and provided to the Amelioration Company to reinforce their maintenance capabilities (i.e. canal cleaning, monitoring and gate repair).

Karbi Headworks rehabilitation work has been completed and the Inauguration was held on September 24, 2014.

During this reporting period, Tetra Tech also provided continued oversight, participated in the technical committee, and attended numerous meetings with MDF and the Amelioration Company.

Component 2: IDP Durable Housing

Subcomponent 2.1: Cottage Settlements

Design:

All designs and contract awards for the sanitary system upgrades were completed during this and previous reporting periods.

Tetra Tech provided architectural and engineering review of all designs and revisions made to the original plans and drawings and attended numerous meetings with MDF and USAID.

Construction Management: The Construction Management (CM) firm retained to provide services for the Three Hospitals and the Twenty-Two Collective Centers entered into negotiations with MDF/USAID to provide management services for Lots 1, 2 and 3 of the cottage settlement sanitary sewer upgrade component (Lot #1 – Frezeti. Lot #2 - Shavshvebi, Akhalsopeli and Teliani. Lot #3 – Mokhisi and Tsilkani). The contract amendment was finalized on 23-JUN, 2014.

During this reporting period, Tetra Tech met with the CM firm weekly and assisted in defining the roles/responsibilities for their part in the process.

Construction:

Four contracts (lots) for improvements to sanitary sewer systems in ten (10) Cottage Settlements of IDPs were awarded to four construction firms (see table for details)

Lot #	Site Locations	Contract Awardee
1	Frezeti	Peri, Ltd.
2	Shavshebi, Akhalsopeli, Teliani	Dagi, Ltd
3	Mokhisi, Tsilkani	In-Si, Ltd.
4	Berbuki, Khurvaleti, Metekhi, Skra	Java Group

Lot #1: completed mobilization and preparatory activities for sanitary system installation for the cottage settlement. Construction is currently on-going. Actual percent completion is estimated at 47%. Scheduled percent completion is shown as 73%. Construction management is being provided by Voyants/Bets/Saunders JV.

Lot #2: completed mobilization and preparatory activities for sanitary system installation for the cottage settlements. Construction is currently on-going. Actual percent completion is estimated at 96%. Scheduled percent completion is shown as 100%. Construction management is being provided by Voyants/Bets/Saunders JV.

Lot #3: completed mobilization and preparatory activities for sanitary system installation for the cottage settlements. Construction is currently on-going. Actual percent completion is estimated at 42%. Scheduled percent completion is shown as 80%. Construction management is being provided by Voyants/Bets/Saunders JV.

Lot #4: completed construction works in all four cottage settlements. Construction oversight is being provided by MDF and Tetra Tech. Actual percent completion by site is listed below:

Berbuki - 100% completed.
Khurvaleti - 100% completed.
Skra - 100% completed.
Metekhi - 100% completed.

During this reporting period, Tetra Tech provided continued contract administration, design input, design review, and oversight of MDF and Voyants/Bets/Saunders activities and personnel.

The Danish Refugee Council (DRC) was contracted by MDF to provide outreach activities for this project. Recent activities include continued general safety awareness training targeting children and site construction safety for residents near on-going construction as well as water conservation awareness to preserve the vital resource.

Subcomponent 2.2: IDP Buildings

Under the IDP durable housing component, ten (10) unoccupied buildings, Three (3) hospital buildings, and Twenty-Two (22) collective centers (CCs) were selected for rehabilitation (note- the hospital sub-component has been renamed “Three (3) Hospital Buildings”, from the original “Eight (8) Hospital Buildings and the collective center sub-component has been renamed “22 Collective Centers”, from the original “28 Collective Centers”. This was done to more accurately reflect the modified scope of work)

Ten (10) Unoccupied Buildings

Design/Build: Rehabilitation works for IDP housing in ten (10) buildings was carried out under a design build contract awarded to Mshenebeli 80 Ltd. in May 2012.

Construction:

All construction activities were completed prior to this reporting period. A walk-through was performed and a final punchlist was created. All punch list items were completed satisfactorily during the previous reporting period.

Warranty inspections for all 10 buildings were performed during the period of August 1 – 16, 2014 and the final report was submitted to USAID/MDF. Corrective actions on the warranty work will be performed during the next reporting period.

Tetra Tech provided field inspections and oversight for the remainder of the closeout activities, including evaluation of the finished work.

Three (3) Hospital Buildings

Design: During this reporting period, Tetra Tech provided architectural and engineering review of all stages of plans and drawings for these designs and attended numerous meetings with MDF and USAID. 100% designs for all hospital sites were completed during previous reporting periods.

Construction Management: A Construction Management (CM) firm (a Joint Venture between Voyants, Bets and Saunders Group) was awarded a 7 month contract to provide construction management services for the Eight Hospitals component. The contract was to end on 30 September 2014 but was extended to 25 December 2014 with reduced staffing due to budget constraints. *During this reporting period, Tetra Tech met with the CM firm weekly and assisted in defining the roles/responsibilities for their part in the process and assisted in joint site visits for problematic issues.*

Construction (see below for site-specific information):

Kaspi Site

The selected contractor (Transmsheni) began construction on this site on 2 FEB, 2014. Work is ongoing. Primary responsibility for construction management is being provided by the Construction Management firm (Voyants/Bets/Saunders, JV), with additional construction oversight provided by Tetra Tech. See Section 6 for project concerns/issues.

Borjomi Site

The selected contractor (Transmsheni) began construction on this site on 1 FEB, 2014. Work is ongoing. Primary responsibility for construction management is being provided by the Construction Management firm (Voyants/Bets/Saunders, JV), with additional construction oversight provided by Tetra Tech. See Section 6 for project concerns/issues.

Kutaisi Site

The selected contractor (In-Si, Ltd) began construction on this site on 20 FEB, 2014. Work is ongoing. Primary responsibility for construction management is being provided by the Construction Management firm (Voyants/Bets/Saunders, JV), with additional construction oversight provided by Tetra Tech. See Section 6 for project concerns/issues.

Two hospitals (Khoni and Baghdati) out of the initial 8 have been dropped from the project due to the structural instability of the buildings.

Twenty-two (22) Collective Centers

Design:

The design of the Rehabilitation Works for 28 IDP Housing CCs was implemented by Artstudio in March 2013. Scope changes and frequently shifting schedules caused delays. *During this reporting period, Tetra Tech provided numerous reviews of schedules and designs provided by the Contractor, and attended numerous meetings. Minor modifications to the reduced scope of work drafted during the last reporting period are on-going on a site-by-site basis.*

Construction Management: A Construction Management (CM) firm (a Joint Venture between Voyants, Bets and Saunders Group) was awarded a contract to provide construction management services for the 22 Collective Centers component. *During this reporting period, Tetra Tech regularly met with the CM firm and assisted in defining the roles/responsibilities for their part in the process, as well as providing oversight during the initial contractor mobilization phase through ongoing construction at the end of this reporting period.*

Construction:

Construction has begun at the Lots #3, #4 and #5 project sites. *During this reporting period, Tetra Tech provided field oversight support to the CM and MDF for construction at these sights.*

6. Challenges, Constraints, and Plans to overcome them During the Reporting Period

Component 1: Municipal Infrastructure and Irrigation

Municipal Infrastructure:

Irrigation:

Possibly due to the imminent release of water scheduled (and actually released) on May 15, repairs requested to be carried out by the contractor were unacceptable in their execution and had to be re-repaired in several instances. As the May 15, deadline approached, it became apparent that the contractor would not successfully complete all required works by the time the water was released. Originally, USAID intended to extend the contract through the end of the irrigation season, so that the unfinished works could be completed under the original contract and would not be considered part of the repairs under the one-year warranty period. But subsequent discussions between MDF and the contractor convinced USAID to allow the contract to expire as originally intended on July 1, 2104, and all remaining repairs to be performed during the subsequent one-year warranty period against the recommendation of Tetra Tech. MDF will retain approximately 1.4 million (USD) from the contract to ensure satisfactory completion of the works.

***Plans to overcome:** Tetra Tech, in coordination with MDF, is currently compiling a comprehensive list of all observable defects, so that repairs can be made efficiently once the irrigation season is over and the canals have been emptied and cleaned. Tetra Tech will increase the number of field visits to provide additional oversight, support and recommendations to MDF in affecting a robust supervision of the contractor through 12 December 2014 due to the closeout of the Tetra Tech contract. At that point, MDF will be solely responsible to provide oversight to complete the Work until 1 April 2015.*

Component 2: IDP Durable Housing

Three (3) Hospital Buildings

Construction:

During this reporting period the following issues were encountered:

Khoni Site

MDF officially requested (via letter on 24-JUN, 2014) that this site be recognized as being returned to the MRA (it was determined earlier that due to latent structural defects, this site was inappropriate for purposes of rehabilitation and removed from the Durable Housing program).

Baghdati Site

MDF officially requested (via letter on 24-JUN, 2014) that this site be recognized as being returned to the MRA (it was determined earlier that due to latent structural defects, this site was inappropriate for purposes of rehabilitation and removed from the Durable Housing program).

Kaspi Site

Potential structural weakness in areas of this building revealed during the last reporting period have been addressed by the designer (ArtStudio) and the construction management (CM) contractor (Voyants/bets/Saunders) and remedial repairs are being performed. Due to the additional delays caused by the remedial repairs, the contractor has asked for a time extension. The time extension duration was negotiated to 30 OCT, 2014.

Borjomi Site

Although the contractor has verbally stated that this site should not be delayed and will be completed by the original contract date, the extension duration was negotiated to 30 OCT 2014, for the Borjomi site as well. Construction is currently ongoing. The issues regarding defective

construction have been reported (window alignment etc.) that need to be eliminated as soon as possible.

Kutaisi Site

Potential structural weakness in areas of this building revealed during the last reporting period have been addressed by the designer (ArtStudio) and the construction management (CM) contractor (Voyants/Bets/Saunders) and remedial repairs are underway. The required repairs have impacted the project schedule, and in discussions between USAID, Tetra Tech, MDF, the CM contractor and the contractor (In-Si, Ltd.), it was agreed to extend the contract deadline to 8 NOV, 2014. There is clear evidence that this date will not be met and additional time will be requested by the contractor.

Due to reoccurring issues with poor quality control and health and safety issues, the CM contractor sent a letter to the contractor, stating that if there were no significant improvements in these areas by 1 JUL, 2014, the CM firm would issue a stop work order until such time as the contractor was in compliance. Subsequent efforts by the contractor were adequate to allow them to continue working, although the CM firm still requires additional work to be performed weekly to meet compliance.

Primary delays in this project are due to hidden defects in the original building construction, changes in design drawings, lack of experienced workers and supervisors and rework of poor construction. The CM firm has given written warnings to the contractor that the site would be shut down if the contractor did not address the above issues. Per the CM firm, the contractor has marginally improved their quality of construction and slightly increased the level of experience of their project staff. There still remain significant issues related to relapses of QA/QC and EHS. Frequent inspections find conditions returning to unacceptable within a day or in some instances hours of an inspector leaving the site. The inability to maintain a base level of competent workers and supervisors has increased the demand on the CM, MDF and TetraTech oversight teams.

Twenty-two (22) Collective Centers (CCs)

Design:

All final designs were completed during the last reporting period, with the exception of the two groups of additional buildings MRA requested be considered for the project. During this reporting period, plans were finalized and reviewed for the additional buildings, although it was later decided that the buildings would not be included in the programs. Those plans that were completed are to be handed over to the MRA for future planning and use if funding sources become available.

Plans to overcome: Tetra Tech has adjusted staffing assignments for all of our employees. The architect continued to assist the team with in-house design reviews and field inspections on buildings under construction and with the Buildings 10 warranty inspections before her funding expired. Tetra Tech management staff is also working with MDF, Art Studio and the CM to provide a realistic schedules for the construction periods as this has been identified as an area of risk for the program. We are also, at the request of USAID, adjusting our staff to better provide coverage for all components due to the decrease in staffing of TetraTech as well as CMC and the support being provided to MDF by DRC.

7. Major Activities Planned in the Next Reporting Period

Municipal Infrastructure

During the upcoming quarter, Tetra Tech will provide continued construction oversight of the construction phase and closeout review activities at the completion of the contract. Tetra Tech's contract ends on December 31, 2014.

Irrigation

Tetra Tech will continue to perform field inspections and compile a comprehensive list of observable above water line defects in the both the Saltvisi and Tiriponi irrigation systems. The irrigation season is anticipated to end on or about 15 Oct 2014 at which point inspections of defects below the waterline will be performed in conjunction with MDF. Once a comprehensive list of defects are prepared, the Contractor will create a schedule of works and start construction and/or repair during the next

reporting period. It is our understanding that MDF has agreed to allow the warranty work to continue until 1 April 2015. We are however deeply concerned with this approach as there is no mechanism in place past the middle of December 2014 to provide oversight of the Contractor. Due to problematic issues with the Contractor during the past performance of work, TetraTech recommends USAID obtain a clear written path forward from MDF on how this will be accomplished.

Tetra Tech will also continue to support the MDF efforts to complete the specifications for the additional equipment to be allocated to the Amelioration Company for irrigation system maintenance. MDF will incorporate the specifications into a bid documentation package. We will also participate in the bid evaluations and recommendations for equipment procurement and training as specified in the bidding documents.

Subcomponent 2.1: Cottage Settlements

Construction: Tetra Tech will continue to provide contract administration support, construction oversight and design review recommendations. With the changes in the CM staff levels, we will re-align our staff to provide additional coverage to complement those efforts of the CM and MDF.

Subcomponent 2.2: IDP Buildings:

Ten (10) Unoccupied Buildings

During the upcoming quarter, the one-year warranty period will expire on the 10 buildings. Tetra Tech will perform the necessary inspections to evaluate all buildings for warranty items, as well as provide any necessary follow-up inspections to confirm all warranty items have been adequately addressed.

Three (3) hospitals

Design, Procurement, & Construction Oversight: All design were completed during previous reporting periods, so little or no design or procurement activities are envisioned other than review of field engineering changes suggested by the contractor and CM and any contract modifications required. All three projects (Borjomi, Kaspi and Kutaisi), are expected to be completed during the next reporting period. There remains concern about the Kutaisi building being completed by the end of the next reporting period. Tetra Tech will continue to perform field monitoring of activities, invoice reviews and QA of the CM, MDF and Contractor.

Twenty-two (22) Collective Centers (CCs)

Design, Procurement & Construction Oversight: The design of the rehabilitation works for IDP housing in 22 CCs was completed during the last reporting period. Construction is expected to continue through close to the end of this reporting period. Tetra Tech will continue to perform field monitoring of activities, invoice reviews and QA of the CM, MDF and Contractor.

8. Environmental compliance

During the partial demolition of the roof of the existing Kutaisi Hospital (part of the "Hospitals 3 Sub-component) it was determined that the old roof tile likely contained asbestos. The contractor was requested to remove the Asbestos Containing Material (ASM) in accordance with accepted asbestos removal practices. Tetra Tech provided frequent and rigorous inspections in an effort to ensure the ASM was removed and disposed of properly during this reporting period.

Other than the above, there are no known currently existing significant environmental issues other than the typical daily site issues relating to minor construction activities.

Tetra Tech has developed an environmental review format specifically tailored to GMIP including an Environmental Mitigation and Monitoring Plan (EMMP), based on the USAID Georgia Bureau's Environmental Review Form and in collaboration with GMIP staff.

- We have trained local project engineers and appropriate administrative staff to use the environmental review format and to develop and implement the EMMP on the sites under investigation.
- We are using environmental review/compliance-related forms for the current field investigations.
- No adaptations or modifications to the site environmental plan were required during this reporting period

9. Financial accomplishment

Life of Project budget (a)	Obligated to date (b)	Expenditure (Accrual & actual disbursement) to date (8/31/2014) (c)	Remaining balance (d) = (b) – (c)
\$2,899,737	\$2,899,737	\$2,362,430	\$537,307

10. Issues requiring the attention of USAID Management

TetraTech is deeply concerned about the slippage of construction schedules and the completion dates of various aspects of the program. We base this assessment on the fact that as of the end of this reporting period, only two of the projects under construction have been completed, namely the Oni Headworks and Lot 4 of the Cottage settlement DS work. All other programs are still under construction and all but one, Lot 3 of the Collective Center partial rehabilitations, have asked for time extensions. TetraTech's staffing levels have been slowly decreasing based on our work plan and budget. The extension of the Implementing Letters until December 2015 allowed for the ability to not pressure the construction contractors into what have become unrealistic time lines once the true capacity of each contractor has played out and other unanticipated factors are added in.

The main issue is that the funding sources to provide continued program management, oversight, QA/QC, EHS and procurement will expire on 31 December 2014. All of the contracts being completed after 1 January 2014 have a one year warranty period included in them with a performance guaranty and retainage of fee. The start date of the warranty period begins on the acceptance of completed works by MDF. After 31 December 2014, there does not appear to be any mechanism in place to provide warranty inspections or procurement activities through either MDF or USAID. There is also no provision seen to provide punch list follow up on any contract that may be extended into late December 2014. TetraTech strongly recommends that these concerns be evaluated to protect the interests of USAID.

11. Data Sharing with Host Government:

Have you shared this report with the host government?

Yes
No

If yes, to which governmental office/s?
If No, why not?

Tetra Tech is under contract with USAID for the GMIP program. Therefore, we will not distribute this report until we have concurrence from USAID on the content contained herein, and also concurrence to distribute the report to the appropriate agencies, one of which is MDF. We will seek this concurrence.

12. Appendices – N/A

USAID/GMIP

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