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MUNICIPAL INFRASTRUCTURE AND IDP HOUSING REHABILITATION PROJECT

CONTRACT: AID-EDH-I-00-08-00027-00

TASK ORDER: AID-114-TO-13-00005

Quarter 2 (Q2) – FY 2014 Progress Report



This report was prepared for the United States Agency for International Development, Task Order AID-114-TO-13-0000, Municipal Infrastructure and IDP Housing Rehabilitation Program

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April 20, 2014

Mr. Bradley Carr
Water Irrigation and Infrastructure Advisor
Office of Economic Growth
United States Agency for International Development
11 George Balanchine Street
Tbilisi, 0131, Georgia

Re: Quarterly Report Year 2014: 2nd Quarter (January 1, 2014 – March 31, 2014) for the
Municipal Infrastructure and IDP Housing Rehabilitation Project

Dear Mr. Carr:

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 Quarterly Report Year 4: 2nd Quarter (January 1, 2014 – March 31, 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 (George Kokochashvili); 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
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 third 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 second quarter FY2014 which covers the period from January 1 2014 through March 31, 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 and to 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 not duplicate 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 – 2nd Quarter 2014

From January 1, 2014	To March 31, 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/Curriculums

Title	Author	Date
Assessment of Nine (9) Additional Buildings Proposed by MRA (<i>Collective Center</i> Component)	Temur Levanishvili, TT IDP Building Rehab PM	18-FEB, 2014
Assessment of Five (5) Additional Buildings Proposed by MRA (<i>Collective Center</i> Component)	Temur Levanishvili, TT IDP Building Rehab PM	31 JAN, 2014
Summarized List of Deficiencies (<i>10 Unoccupied Buildings</i> Component)	Temur Levanishvili, TT IDP Building Rehab PM	28-JAN, 2014 (Initial) 6-14, MAR, 2014 (Final)

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 technical assistance provided

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

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	1/1/2014	3/31/2014	GMIP Tbilisi Office through conferencing	Weekly conference calls provide QA/QC and additional resources required to support in-country team on production of work activities, deliverables and project financials.

5. Accomplishments and Successes during the Reporting Period

Component 1: Municipal Infrastructure and Irrigation

Infrastructure

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 project is ongoing with a scheduled completion date of June 15, 2014.

During this reporting period Tetra Tech provided continued construction oversight to ensure the project stays within approved budget and scheduling targets.

Irrigation

Two irrigation subprojects, 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 on-going with a scheduled completion date of 1-JUL, 2014.

A funding surplus of approximately 400,000 (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].

Several discussions were held between USAID, MDF, Tetra Tech and the Amelioration Company to consider the best use of the funds. Alternatives included:

- 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)
- Providing equipment to the Amelioration Company to reinforce their maintenance capabilities (i.e. canal cleaning, monitoring and gate repair)

The current consensus is to provide equipment to the Amelioration Company and possibly clean the additional section of Tiriponi Main canal if funding is adequate. Pricing for these options was in progress at the end of this reporting period.

During this reporting period, Tetra Tech provided continued oversight, participated in the technical committee, and attended numerous meetings with MDF management staff. Additionally, Tetra Tech met with the Amelioration Company and assisted in the prioritization of their needs.

Component 2: IDP Durable Housing

Subcomponent 2.1: Cottage Settlements

A contract for improvements to potable water supplies in nine (9) villages and drainage/wastewater system improvements to eleven (11) Cottage Settlements of IDPs was awarded to a Joint Venture between Java Ltd and Erisimedi JSC JV in April 2013.

Design:

Designs for the sanitary system upgrades for eight of the 11 settlements were completed by the end of this reporting period, with the designs for Skra, Berbuki and Khurvaleti still outstanding. The anticipated completion date of the remaining three designs is on or about the first week of April, 2014. During this reporting period,

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.

Construction Management: The Construction Management (CM) firm retained to provide services for the Eight Hospitals and the Twenty-Eight Collective Centers is in negotiations with MDF/USAID to provide management services for the first four sanitary sewer upgrade sites (Frezeti, Shavshvebi, Akhalsopeli and Teliani). A decision had not been made by the close of this reporting period.

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

Construction:

Construction activities for the water supply and drainage elements of this contract were completed by the end of this reporting period. A walk-through with final punchlist is scheduled for the beginning of the next reporting period.

Construction of the sanitary sewer upgrades for the first and second lots (Frezeti, Shavshvebi, Akhalsopeli and Teliani) is scheduled to begin during the next reporting period (approximately the end of April).

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

Subcomponent 2.2: IDP Buildings

Under the IDP durable housing component, ten (10) unoccupied buildings, Eight (8) hospital buildings, and Twenty-Two (22) collective centers (CCs) have been selected for rehabilitation.

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 during this reporting period (March 6-14, 2014). Negotiations with the contractor regarding the punchlist items were still ongoing at the completion of this reporting period.

Tetra Tech provided field inspections and oversight for the closeout activities, including the punch list generation.

Eight (8) Hospitals

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 this reporting period.*

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 Eight Hospitals component. *During this reporting period, Tetra Tech met with the CM firm several times and assisted in defining the roles/responsibilities for their part in the process.*

Construction:Khoni Site

The selected contractor (In-Si Ltd.) began construction on this site on 12-JAN, 2014. See Section 6 for project concerns/issues.

Baghdati Site

The selected contractor (In-Si Ltd.) began construction on this site on 16-JAN, 2014. See Section 6 for project concerns/issues.

Kaspi Site

The selected contractor (Transmsheni.) began construction on this site on 2-FEB, 2014. Work is on-going. See Section 6 for project concerns/issues.

Borjomi Site

The selected contractor (Transmsheni.) began construction on this site on 1-FEB, 2014. Work is on-going.

Kutaisi Site

The selected contractor (In-Si, Ltd) began construction on this site on 20-FEB, 2014. Work is on-going. See Section 6 for project concerns/issues.

Twenty-eight (28) Collective Centers

Design: The design of the Rehabilitation Works for 28 IDP Housing CCs was implemented by Artstudio in March 2013. Scope changes and a frequently shifting schedule 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 (see 1st quarter 2014 report for specific changes to the work scope).*

The MRA requested that two additional groups of buildings be considered as candidates for this component. On 13-FEB, 2014, a group of 9 buildings was submitted for consideration, and on 31-MAR, 2014, a group of five buildings was submitted.

Tetra Tech performed an evaluation of the first group of buildings and recommended that four of the nine buildings were viable candidates for rehabilitation. Tetra Tech also evaluated the second group of five buildings and recommended three sites as viable for rehabilitation.

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 28 Collective Centers component. *During this reporting period, Tetra Tech met with the CM firm several times and assisted in defining the roles/responsibilities for their part in the process.*

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

Component 1: Municipal Infrastructure and Irrigation

Infrastructure:

ONI Water Supply Construction: The ONI water project schedule has slipped slightly (although the original construction deadline is still assumed). This slippage appears to have been due to two issues: a lack of material to perform the work in a timely manner, and wet weather causing severe rutting of the roads.

Plans to overcome: The material shortage was caused by a cash flow issue with the contractor (NDC), but appears to be resolved at this point. Tetra Tech recommended that the contractor provide a more forward-looking projection of material (and cash) needs to anticipate the materials required to perform the upcoming work.

The deteriorated roads issue was resolved by the contractor importing gravel and spreading on the roads.

Tetra Tech will also continue to perform site visits to ensure the schedule stays realistic and on track.

Irrigation:

Although the current schedule appears to be realistic for the most part, there is very little margin for additional delays. This is exacerbated by the fact that the actual date when water will be released into the canals is unknown, since it is dependent on the weather and water needs of the farmers (last year, water was released on May 17, but this year, the Amelioration company has indicated that the water may be released as soon as May 1).

Plans to overcome: Extra vigilance in the form of additional site visits has been implemented to assure minimal schedule slippage. To minimize the effects of a possible early water release, the contractor has prioritized the construction elements to complete all those structures which will be affected by the water first (i.e. canal linings, backwater structures, gates). Those structures not directly affected by the release (i.e. canal curbs, access roads, site cleanup) can be completed after the water has been released.

Component 2: IDP Durable Housing

Eight (8) hospitals

Construction:

During this reporting period the following issues were encountered:

Khoni Site

The selected contractor (In-Si Ltd.) began construction on this site on 12-JAN, 2014. On 31-JAN, 2014, a structural collapse of a large portion of the building caused work to be suspended at this location. Subsequently the site was removed from the program.

Baghdati Site

It was noted that the Baghdati hospital structure was similar to the Khoni structure (similar construction techniques, condition and date of construction). Concerns that the Baghdati structure might also prove to be structurally unstable prompted MDF to hire a state-certified forensics laboratory (Samkharauli) to provide a structural assessment of the Baghdati structure. The subsequent report was inconclusive, so a decision was made to remove the Baghdati site from the program.

Kaspi Site

During rehabilitation of this site, the contractor expressed concern that portions of the exposed concrete appeared to be structurally weak. To address those concerns, a laboratory was retained to test the concrete in the areas of concern. The test report was pending at the end of this reporting period.

Kutaisi Site

Contractor concerns over the structural integrity of one of the sections of the Kutaisi structure caused the area to be cordoned off, and construction activities in that area to be restricted by the construction management firm. An evaluation by the construction managements' structural engineer will be performed during the first week of the next reporting period.

Twenty-eight (28) Collective Centers (CCs)

Design:

During this reporting period, MRA requested two additional groups of buildings be considered for rehabilitation (see 5. "Twenty-eight (28) Collective Centers - Design" above). The short length of time left for this contract will require a concerted effort by all parties to perform reviews of design documents, bid documents, bid responses, etc..

Plans to overcome: Tetra Tech has adjusted staffing assignments for our IDP Building Rehabilitation Manager, Temur Levanishvili. An architect was hired to assist the team with in-house design reviews. Tetra Tech management staff is also working with MDF and Art Studio to provide a realistic staggered schedule for the design and construction periods as this has been identified as an area of risk for the program.

7. Major Activities Planned in the Next Reporting Period

Component 1: Municipal Infrastructure and Irrigation

The ONI water supply project will be completed during the next reporting period (scheduled completion date of June 1, 2014).

During the upcoming quarter, Tetra Tech will provide continued construction oversight during the construction phase and closeout review activities at the completion of the contract.

Irrigation

Rehabilitation of the irrigation systems will be completed during the next reporting period, with a scheduled completion date of July 1, 2014.

During the upcoming quarter, Tetra Tech will continue to provide field oversight, participate in the technical committee sessions, and attend meetings with MDF management staff to report and consider further adjustments that may be required and perform closeout review activities at the completion of the contract.

Subcomponent 2.1: Cottage Settlements

Construction: A final walk-through of the Water Supply and Drainage elements will be performed during this reporting period, along with the associated remedial corrective actions.

Construction of the sanitary sewer upgrades in 11 villages will continue beyond the end of the next reporting period.

During the upcoming quarter Tetra Tech will provide continued contract administration support, construction oversight and design review to supplement the MDF field staff.

Design: The last three designs for the Sanitary Upgrades will be submitted during the next reporting period, which will complete the design phase of this project.

During this upcoming quarter, Tetra Tech will provide continued design review, oversight for the procurement and award of the construction contract, contract administration and MDF oversight.

Subcomponent 2.2: IDP Buildings: Ten (10) Unoccupied Buildings

The only remaining element to this project is the completion of the punchlist items noted during the final walkthrough during the end of the last reporting period.

During this upcoming quarter, Tetra Tech will provide continued input where needed on the punchlist acceptance criteria and field inspections of remedial work.

Eight (8) hospitals

Design, Procurement, & Construction Oversight: The design of the rehabilitation works for IDP housing in eight (8) Hospitals was completed during this reporting period, so little or no design or procurement activities are envisioned other than review of field engineering changes suggested by the contractor. Construction is expected to continue beyond the next reporting period.

Although a construction management firm will be responsible for the daily supervision and management of the contractor, Tetra Tech will continue to perform field monitoring of activities, invoice reviews and QA of the construction management firm.

Twenty-eight (28) Collective Centers (CCs)

Design, Procurement & Construction Oversight: The design of the rehabilitation works for IDP housing in 28 CCs will be completed during the upcoming reporting period. Construction is expected to continue beyond the upcoming reporting period.

Although a construction management firm has been contracted, and will be responsible for the daily supervision and management of the contractor, Tetra Tech will continue to perform field monitoring of activities, invoice reviews and QA of the construction management firm.

8. Environmental compliance

There are no known currently existing environmental issues.

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 (1/24/2014) (c)	Remaining balance (d) = (b) – (c)
\$2,899,935	\$2,225,935	\$916,462	\$1,309,473

Obligated to date (a)	Expenditure (Accrual & actual disbursement) to date – (1/24/2014) 2 nd Quarter 2014 (b)	Expenditure Projections 3 rd Quarter 2014 (c)	Expenditure Projections 4 th Quarter 2014 (d)	Remaining balance (e) = (a)-(b)-(c)-(d)
\$2,225,935	\$ 916,462	\$ 508,351	\$ 508,351	\$ 292,771

10. Issues requiring the attention of USAID Management

Tetra Tech continues to fill needs in project management, contract administration and field oversight that were identified in the Gap Analysis Report. With the addition of a Construction Management firm, Tetra Tech's role will change slightly, focusing more on program oversight and less on field management.

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 this quarter

USAID/GMIP

U.S. Agency For International Development
US Embassy 11 George Balanchine Street
Tbilisi, 0131, Georgia