



Legislation Details (With Text)

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Title: Actions pertaining to the City of Fresno’s Kings River Pipeline Project:
1. ***RESOLUTION - 13th Amendment to the Annual Appropriation Resolution (AAR) No. 2018-157 to appropriate \$2,803,100 to provide additional funding for construction contract change orders and support services costs for the Kings River Pipeline Project (Council District 5 and Fresno County) (Requires 5 affirmative votes) (Subject to Mayor’s Veto)
2. Approve Contract Change Order No. 6 and Contract Change Order No. 7 to the construction contract with Garney Pacific Inc., for the City of Fresno’s Kings River Pipeline Project to increase the lump sum contract value by a combined total of \$705,553 and extend Substantial Completion date by a combined total of 106 days - Bid File 3433 (Council District 5 and Fresno County)

Sponsors: Department of Public Utilities

Indexes:

Code sections:

Attachments: 1. 2018-11-1 Attachment 1- 13th Amendment to the Annual Appropriation Resolution No. 2018-157 .pdf, 2. 2018-11-1 Attachment 2 - Contract Change Order No. 6.pdf, 3. 2018-11-1 Attachment 3 - Contract Change Order No. 7.pdf, 4. 2018-11-1 Attachment 4 - Contract Change Order No. 1-5.pdf

Date	Ver.	Action By	Action	Result
11/8/2018	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

November 8, 2018

FROM: MICHAEL CARBAJAL, Director
Department of Public Utilities

THROUGH: DEJAN PAVIC, Supervising Professional Engineer
Department of Public Utilities - Utilities Planning & Engineering

BY: MARTIN WENDELS, Project Manager
Department of Public Utilities - Utilities Planning & Engineering

SUBJECT

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RECOMMENDATIONS

Staff recommends that City Council adopt the 13th Amendment to the Annual Appropriation Resolution (AAR) No. 2018-157 to appropriate \$2,803,100 in additional funds for the construction Contract Change Orders (CCO) and project costs to construct the City of Fresno's (City) Kings River Pipeline Project (Project) and approve CCO No. 6 and CCO No. 7 to the construction contract for the Project.

EXECUTIVE SUMMARY

On May 12, 2016, City Council awarded a contract to Garney Pacific Inc., for construction of the Project in the amount of \$45,583,750. Notice to Proceed (NTP) with construction was issued on June 27, 2016. The 5 previously approved CCOs and CCOs No. 6 and No. 7, recommended for approval by City Council, incorporate necessary modifications to various added and deleted work items and appurtenances in meeting design intent and Project operational, safety, and security requirements. CCO No. 6 and CCO No. 7 add 80 days and 26 days, respectively, to the Substantial Completion date. The 5 previously approved CCOs and CCO No. 6 and CCO No. 7 have been incorporated into the construction contract for a net total increase of \$705,553 (1.55%), resulting in a new total construction contract value of \$46,289,303. The additional \$2,097,547 (for a combined total additional appropriation of \$2,803,100) is needed for additional staff, project management, construction management, and project inspection costs already incurred or projected to be incurred through the end of the current fiscal year, necessitated by Project modifications and construction time extensions. The additional costs will be covered by contingencies within the Project budget and funded by the State Revolving Fund (SRF) Low Interest Loan for the construction of the Project.

BACKGROUND

On February 26, 2015, the City Council adopted a five-year water utility rate plan to finance the construction of a five-year water capital plan totaling approximately \$429 million. The five-year capital plan included the construction of the Project. Consistent with the Council approved rate plan and capital plan, the Project is a 13-mile 72-inch diameter pipeline that conveys raw water for treatment from a diversion on the Fresno Canal No. 3 to the Southeast Surface Water Treatment Facility. The diversion facility is located near the intersection of Trimmer Springs Road and the Fresno Irrigation District Fresno Canal No. 3 about 3,800 feet downstream of the Fresno Canal No. 3 headgates on the Kings River. The Project will allow the City to more effectively use its existing Kings River water allocations and reduce reliance on ground water.

On March 15, 2016, the City received eight bids from pre-qualified contractors in response to the City's solicitation for construction bids for the Project. Based on the City's evaluation of the construction bids submitted, Garney Pacific Inc., was determined to be the lowest responsive and responsible pre-qualified bidder for construction of the City's Project in the amount of \$45,583,750. On May 15, 2016, a contract to construct the Project was awarded, and NTP was issued on June 27,

2016. The Project was substantially complete June 15, 2018. Subsequent to NTP, a total of five CCOs have been executed to date (attached for reference as Attachment 4), and together with CCO No. 6 (Attachment 2) and CCO No. 7 (Attachment 3), recommended for City Council approval, result in a cumulative increase to the contract value of \$705,553 and a substantial completion extension of 200 days (for CCOs No. 1 through No. 7). CCOs No. 1 through No. 7 incorporate necessary modifications to various miscellaneous added and deleted work and appurtenances in meeting design intent and Project operational, safety, and security requirements, resulting in a new total construction contract value of \$46,289,303. The additional \$2,097,547 (for a combined total additional appropriation of \$2,803,100 per this 13th amendment to AAR No. 2018-157) is needed for additional staff, project management, construction management, and project inspection costs already incurred or projected to be incurred through the end of the current fiscal year, necessitated by Project modifications and construction time extensions. These increased costs will be covered by contingencies within the Project budget from loan proceeds available through the approved SRF Low Interest Loan.

ENVIRONMENTAL FINDINGS

Adoption of an amendment to AAR and approval of CCOs No. 6 and No. 7 to an existing construction contract are not a “project” for the purpose of the California Environmental Quality Act (CEQA), and do not involve commitment to any specific project which may result in a potentially significant physical impact on the environment as contemplated by CEQA Guidelines section 15378.

LOCAL PREFERENCE

Local preference was not implemented because this action pertains to an existing construction contract.

FISCAL IMPACT

There is no impact to the General Fund. The Project is located in Council District 5 and Fresno County. The approval of an amendment to the AAR is required to appropriate additional funds for construction Contract Change Orders and support costs within the SRF Low Interest Loan fund. The cost of debt service for this SRF Low Interest Loan was incorporated into the water rate model used to create the five-year utility rate plan that was adopted by City Council on February 26, 2015.

Attachments:

- 13th Amendment to the Annual Appropriation Resolution No. 2018-157 (Attachment 1)
- Contract Change Order No. 6 (Attachment 2)
- Contract Change Order No. 7 (Attachment 3)
- Contract Change Orders No. 1 through No. 5 (Attachment 4)