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Title: Approve Change Order No. 13 to the construction contract with W.M. Lyles Company for the City of Fresno’s Southeast Surface Water Treatment Facility to increase the lump sum scope of work by \$164,355 (Citywide)

Sponsors: Department of Public Utilities

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Attachments: 1. WM Lyles SESWTF CCO No 13.pdf

Date	Ver.	Action By	Action	Result
3/1/2018	1	City Council	approved	

REPORT TO THE CITY COUNCIL

March 1, 2018

FROM: THOMAS C. ESQUEDA, Director
Department of Public Utilities

THROUGH: MICHAEL CARBAJAL, Planning Manager
Department of Public Utilities - Utilities Planning & Engineering

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SUBJECT

Approve Change Order No. 13 to the construction contract with W.M. Lyles Company for the City of Fresno’s Southeast Surface Water Treatment Facility to increase the lump sum scope of work by \$164,355 (Citywide)

RECOMMENDATION

Staff recommends that City Council approve Change Order No. 13 to the construction contract for the City of Fresno’s (City) Southeast Surface Water Treatment Facility (Facility) to increase the lump sum scope of work by \$164,355 for necessary modifications to process control valves, treatment of offsite subgrade soils and other minor miscellaneous items for the Facility.

EXECUTIVE SUMMARY

On November 19, 2015, City Council awarded a contract to W.M. Lyles Company for construction of the Facility in the amount of \$158,766,000. Notice to Proceed (NTP) with construction was issued on December 31, 2015. It is recommended that these items be incorporated into the construction contract through Change Order No. 13 in the amount of \$164,355, for a net total increase of \$3,862,259 (2.4%), through 13 Contract Change Orders (CCO's), resulting in a new total construction contract value of \$162,628,259. The cost of CCO No. 13 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 Facility.

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 Facility to allow the City to more effectively use its existing surface water allocations and entitlements from Millerton Lake and Pine Flat Reservoir. Consistent with the Council approved rate plan and capital plan, the Facility will be constructed with a permitted capacity of 54 Million Gallons per Day (MGD), and the City will petition the State to allow the Facility to be re-rated to 80 MGD through a one-year performance demonstration testing procedure.

On September 10, 2015, the City Council approved acceptance of a \$195,489,000 SRF Low Interest Loan through the State Water Resources Control Board (SWRCB) for construction of the Facility. The construction contract is fully funded through this loan.

W.M. Lyles Company submitted the low bid price of \$158,766,000 on October 13, 2015, a contract to construct the Facility was awarded on November 19, 2015, and NTP was issued on December 31, 2015. The Facility is currently scheduled complete construction in September 2018.

Subsequent to NTP, a total of twelve CCO's have been executed to date, resulting in a net total increase to the contract value of \$3,697,904 which includes the following:

- Value engineering cost reductions totaling \$1,862,611;
- Addition of supervisory control and data acquisition (SCADA) work, which was included in the construction budget but planned to be performed through a separate contract, totaling \$2,493,750;
- Miscellaneous other added and deleted work, totaling \$965,451;
- Additional design modifications and installation of a calcium hydroxide feed system \$543,385;
- Items previously noted and approved by Council for CCO's 10 and 11 for \$198,063 and \$369,675 respectively;
- Installation of a Site Security System for the Facility totaling \$990,191

Implementation of this Change Order will increase the lump sum cost by \$164,355 with no increase to contract time related to Change Order items. These increased costs will be covered by contingencies within the project budget, and funded through the above noted SRF Low Interest Loan.

This Change Order No. 13 incorporates the noted activities into the contract resulting in a new total construction contract value of \$162,628,259.

ENVIRONMENTAL FINDINGS

Approval of a change order for an existing construction contract is not a “project” for the purposes of the California Environmental Quality Act (CEQA), and does 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. Appropriations for CCO No. 13 are available in the Water Division’s approved Fiscal Year 2018 Capital Improvement Projects budget within the SRF Low-Interest Loan Fund 40188. The cost of debt service for this state 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.

Attachment: Change Order No. 13