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**Title:** Actions pertaining to approving Contract Change Order No. 8 to the construction contract with Mountain Cascade Inc., for the Friant-Kern Canal Pipeline Project (Bid File 3372-2) (Council District 6 and Fresno County):

1. \*\*\*RESOLUTION - 35th Amendment to the Annual Appropriation Resolution No. 2018-157 to appropriate \$694,300 in the State Revolving Fund Low Interest Loan Fund for the Friant-Kern Canal Pipeline Project (Requires 5 affirmative votes) (Subject to Mayor's veto)
2. Approve Contract Change Order No. 8 to the construction contract with Mountain Cascade Inc., for the Friant-Kern Canal Pipeline Project to increase the total construction contract amount by \$694,310

**Sponsors:** Department of Public Utilities

**Indexes:**

**Code sections:**

**Attachments:** 1. Attachment 1 - 19 35th Friant-Kern Canal Pipeline.pdf, 2. Attachment 2- FKCP CHANGE ORDER 8.pdf

Date	Ver.	Action By	Action	Result
4/25/2019	1	City Council	adopted	Pass

**REPORT TO THE CITY COUNCIL**

**April 25, 2019**

**FROM:** MICHAEL CARBAJAL, Director  
Department of Public Utilities

**BY:** DEJAN PAVIC, PE, Public Utilities Manager  
Department of Public Utilities - Utilities Planning & Engineering

**SUBJECT**

Actions pertaining to approving Contract Change Order No. 8 to the construction contract with Mountain Cascade Inc., for the Friant-Kern Canal Pipeline Project (Bid File 3372-2) (Council District 6 and Fresno County):

1. \*\*\*RESOLUTION - 35th Amendment to the Annual Appropriation Resolution No. 2018-157 to appropriate \$694,300 in the State Revolving Fund Low Interest Loan Fund for the Friant-Kern Canal Pipeline Project (Requires 5 affirmative votes) (Subject to Mayor's veto)
2. Approve Contract Change Order No. 8 to the construction contract with Mountain Cascade Inc., for the Friant-Kern Canal Pipeline Project to increase the total construction contract amount by \$694,310

## RECOMMENDATIONS

Staff recommends that City Council adopt the 35th Amendment to the Annual Appropriation Resolution (AAR) No. 2018-157 to appropriate \$694,300 in additional funds for the Contract Change Order (CCO) No. 8 cost to construct City of Fresno's (City's) Friant-Kern Canal Pipeline Project (Project), and approve CCO No. 8 with Mountain Cascade Inc., (Contractor) for the City's Project, to increase the total construction contract amount by \$694,310.

## EXECUTIVE SUMMARY

The Department of Public Utilities - Utilities Planning & Engineering, requests the adoption of the 35<sup>th</sup> Amendment to the AAR No. 2018-157 and the approval of CCO No. 8 for the Project. This CCO No. 8 incorporates a credit for unused mediator allowance and compensation for claims filed by the Contractor. The approval of this \$694,310 CCO No. 8, cumulatively with the previously approved CCOs No. 1 through No. 7, will increase the original contract amount by 10.71% to a new total construction contract value of \$16,781,687.22. The construction work on the Project is complete and the Project is operational. CCO No. 8 is the result of the mediated settlement agreement, which was approved by Council on January 31, 2019 and is the final change order to close out the construction contract for the Project. The cost of CCO No. 8 will be covered by contingency allowance within the Project budget and is funded by the California State Water Resources Control Board (SWRCB) 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 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 Project is a 4.5-mile long, 60-inch diameter raw water pipeline from the Friant-Kern Canal to the existing Northeast Surface Water Treatment Facility (NESWTF). It will replace the Enterprise Canal as the primary conveyance system for the NESWTF's source of raw water supply, while the Enterprise Canal remains a backup supply. The new pipeline alignment extends from a new turnout (intake) structure on the Friant-Kern Canal on the east, westerly to point of connection with the existing 60-inch diameter raw water pipeline's easterly terminus located southwest of the Willow and Copper Avenues intersection. This Project will greatly reduce the threat to water quality, reduce reliance on groundwater, reduce operating power consumption (as it is gravity-fed), improve facility utilization, and remedy canal seepage losses.

On May 31, 2016, the City executed a \$26,520,000 SRF Low Interest Loan through the SWRCB for construction of the Project. In addition to the SRF Low Interest Loan, the Project was awarded a \$1,000,000 WaterSMART Water and Energy Efficiency Grant from the United States Department of Interior's Bureau of Reclamation (WaterSMART Grant). The construction contract is fully funded through the SRF loan and WaterSMART Grant.

The Contractor submitted the low bid price of \$15,157,862. On April 21, 2016, City Council awarded a contract to the Contractor for construction of the Project in the amount of \$15,157,862. Notice to Proceed (NTP) with construction was issued on May 31, 2016. The Project was substantially complete and put in operation in November 2017. Subsequent to NTP, CCOs No. 1 through No. 7

have been approved for necessary modifications to various added and deleted work items and appurtenances in meeting design intent and Project operational, safety, and security requirements. The approval of this \$694,310 CCO No. 8, cumulatively with the previously approved CCOs, will increase the original contract amount by 10.71% to a new total construction contract value of \$16,781,687.22. This CCO No. 8 incorporates a credit for unused mediator allowance and compensation for claims filed by the Contractor. The construction work on the Project is complete and the Project is operational. CCO No. 8 is the result of the mediated settlement agreement, which was approved by Council on January 31, 2019 and is the final change order to close out the construction contract for the Project. The cost of CCO No. 8 will be covered by contingency allowance within the Project budget and is funded by the SWRCB SRF Low Interest Loan for the construction of the Project.

## **ENVIRONMENTAL FINDINGS**

Adoption of this amendment to the AAR and approval of this CCO No. 8 for an existing construction contract are not a “project” for the purposes 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 item is the approval of a change order that pertains to an existing construction contract.

## **FISCAL IMPACT**

There is no impact to the General Fund. This Project is located in Council District 6 and Fresno County. The approval of an amendment to the AAR is required to appropriate additional funds for a construction contract change order within the SRF Low Interest Loan Fund for the Friant-Kern Canal Pipeline Construction Project. 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:**

35th Amendment to the AAR No. 2018-157 (Attachment 1)  
Change Order No. 8 (Attachment 2)