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Title: Approve Contract Change Order No. 9 to the construction contract with Garney Construction, for the Kings River Pipeline Project, to increase the total construction contract amount by \$2,207,730 and add 156 days in the contract time (Council District 5 and Fresno County)

Sponsors: Department of Public Utilities

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Attachments: 1. 2019-07-25 Attachment 1 - Contract Change Order No. 9.pdf, 2. 2019-07-25 Attachment 2 - Contract Change Order No. 1 through No. 8.pdf

Date	Ver.	Action By	Action	Result
8/15/2019	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

August 15, 2019

FROM: MICHAEL CARBAJAL, Director
Department of Public Utilities

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

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

SUBJECT

Approve Contract Change Order No. 9 to the construction contract with Garney Construction, for the Kings River Pipeline Project, to increase the total construction contract amount by \$2,207,730 and add 156 days in the contract time (Council District 5 and Fresno County)

RECOMMENDATION

Staff recommends that City Council approve the Contract Change Order (CCO) No. 9 to Garney Construction, (Contractor) for the City of Fresno’s (City’s) Kings River Pipeline Project (Project). CCO No. 9 is the result of the mediated settlement agreement, which was approved by Council on June 13, 2019, and is the final change order to close out the construction contract for the Project.

EXECUTIVE SUMMARY

The Department of Public Utilities, Utilities Planning & Engineering, requests the approval of CCO No. 9 for the Project. CCO No. 9 is the result of the mediated settlement agreement and is the final change order to close out the construction contract for the Project. The construction work is complete and the Project is operational. This CCO No. 9 incorporates compensation for claims filed by the Contractor, a credit for unused mediator allowance, and adds a total of 156 days to the contract time. The approval of CCO No. 9, cumulatively with the previously approved CCO No. 1 through CCO No. 8, will increase the original contract amount by 5.73 percent to a new total construction contract value of \$48,194,739.48. The cost of CCO No. 9 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 Kings River water allocations and reduce reliance on ground water. Consistent with the Council approved rate plan and capital plan, the Project is a 13-mile long 72-inch diameter pipeline that conveys raw water for treatment from a diversion on the Fresno Irrigation District (FID) 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 FID Fresno Canal No. 3 about 3,800 feet downstream of the FID Fresno Canal No. 3 headgates on the Kings River.

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, the Contractor was determined to be the lowest responsive and responsible pre-qualified bidder for construction of the Project in the amount of \$45,583,750. On May 15, 2016, a contract to construct the Project was awarded, and a Notice to Proceed (NTP) was issued on June 27, 2016. The Project was substantially complete on June 15, 2018. Subsequent to NTP, a total of eight CCOs have been executed to date, and together with CCO No. 9 (Attachment 1), recommended for City Council approval, results in a cumulative increase to the contract value by \$2,610,989.48 and a substantial completion time extension of 356 days.

Implementation of this CCO No. 9 will increase the total construction cost amount by \$2,207,730 and add a total of 156 days to the contract time related to CCO No. 9. This CCO No. 9 incorporates a credit for unused mediator allowance and compensation claims filed by the Contractor, resulting in a new total construction contract value of \$48,194,739.48. The construction work is complete and the Project is operational. The costs of CCO No. 9 will be covered by contingency allowance within the Project budget and is funded through the above mentioned SRF Low Interest Loan.

ENVIRONMENTAL FINDINGS

Approval of this CCO No. 9 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 item is the approval of a change order that pertains to an existing construction contract.

FISCAL IMPACT

This Project has no impact to the General Fund. It is located in Council District 5 and Fresno County. The funding for the payment of this change order is included in the SRF Kings River Pipeline Loan Fund 40161 as part of the adoption of the Fiscal Year 2020 Budget. 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:

Attachment 1 - Contract Change Order No. 9

Attachment 2 - Contract Change Orders No. 1 through No. 8