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Title: Approve Contract Change Order No. 17 to the construction contract with W.M. Lyles Company for the City of Fresno's Southeast Surface Water Treatment Facility Project, to reduce of the total construction contract amount by \$1,015,444 (Citywide)

Sponsors: Department of Public Utilities

Indexes:

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Attachments: 1. 2018-10-18 Attacment 1 - SESWTF CCO 17.pdf

Date	Ver.	Action By	Action	Result
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REPORT TO THE CITY COUNCIL

October 18, 2018

FROM: MICHAEL CARBAJAL, Director
Department of Public Utilities

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

BY: GLENN A. KNAPP, Professional Engineer
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SUBJECT

Approve Contract Change Order No. 17 to the construction contract with W.M. Lyles Company for the City of Fresno's Southeast Surface Water Treatment Facility Project, to reduce of the total construction contract amount by \$1,015,444 (Citywide)

RECOMMENDATION

Staff recommends that City Council approve Contract Change Order (CCO) No. 17 to the construction contract for the City of Fresno's (City's) Southeast Surface Water Treatment Facility (Facility) Project (Project) to reduce of the total construction contract amount by \$1,015,444.

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. CCO No. 17 is recommended to be incorporated into the construction contract for a reduction of \$1,015,444. The 16 previously approved CCOs and CCO No. 17 have been incorporated into the construction contract for a net total increase of \$3,323,360 (2.09%) through CCO No. 17, resulting in a new total construction contract value of \$162,089,360. The additional costs for this Project have been covered by Project contingencies within the budget, and are funded through the State Revolving Fund (SRF) Low Interest Loan.

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 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. Subsequent to NTP, a total of 16 CCOs have been executed to date, resulting in a net total increase to the contract value of \$4,338,804.

CCO No.17 identifies savings regarding unused supplemental bid allowances and other major component such as SCADA, and electrical and chemical balancing (noted as CCO No. 17 Items 25 to 32). CCO No. 17 incorporates minor Project charges that include necessary modifications to various process controls and appurtenances in meeting design intent and Project operational, safety, and security requirements. Implementation of this CCO No. 17 will decrease the lump sum contract value by \$1,015,444 with no increase to the final Project completion date of September 28, 2018, resulting in a new total construction contract value of \$162,089,360. The additional costs for this Project have been covered by Project contingencies with the budget, and are funded through the SRF Low Interest Loan.

ENVIRONMENTAL FINDINGS

Approval of this CCO NO. 17 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. No additional appropriation for CCO No. 17 is required and will not impact the Water Division's approved Fiscal Year 2019 Capital Improvement Projects budget within the SRF Low Interest Loan Fund 40188. 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.

Attachment:

Contract Change Order No. 17