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Title: Approve Change Order No. 11 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 \$369,675 (Citywide)

Sponsors: Department of Public Utilities

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Attachments: 1. W M Lyles - SESWTF CCO 11.pdf

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11/9/2017	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

November 9, 2017

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SUBJECT

Approve Change Order No. 11 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 \$369,675 (Citywide)

RECOMMENDATION

Staff recommends that City Council approve Change Order No. 11 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 \$369,675 for necessary onsite and offsite project modifications.

EXECUTIVE SUMMARY

On November 19, 2015, City Council awarded a contract to W.M. Lyles Company (Contractor) for construction of the Facility in the amount of \$158,766,000. Notice to Proceed (NTP) with construction was issued on December 31, 2015. In order to maintain the project schedule, this change order incorporates minor credits and other necessary onsite and offsite construction modifications in the amount of \$369,675 for a net total increase of \$2,707,713 (1.7%), through eleven (11) Contract Change Orders (CCO's), resulting in a new total construction contract value of \$161,473,713.

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 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 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 State Revolving Fund (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 ten (10) CCO's have been executed to date, resulting in a net total increase to the contract value of \$2,338,038. 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;
- Additional design modifications and installation of a calcium hydroxide feed system \$543,385
- Miscellaneous other added and deleted work, totaling \$965,451; and
- Those Change Order No. 10 items previously noted and approved by Council \$198,063

This Contract Change Order No. 11 identifies necessary modification of the site's Operations Building T-bar grills and remote linkage for balancing of the building HVAC system, modification of the facility backflow prevention system to meet pressure requirements of the Fresno Fire Department, and addition of conduits and junction boxes at all doors to minimize subsequent costs associated with installation of door security system components. Other Change Order items provide for water distribution pipeline connection and alignment modifications and coordination efforts with AT&T for installation of water/sewer/stormdrain pipelines within proximity of the Fowler and Olive Avenue intersection, and other items as further described in the attached Change Order. The intent was to make these changes without delaying or undoing any aspect of the construction process. Implementation of this Change Order will increase the lump sum cost by \$369,675 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. 11 incorporates the noted activities into the contract resulting in a new total construction contract value of \$161,473,713.

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. This work will be funded by the SRF Low Interest Loan through the SWRCB. 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. 11