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Title: Approve Contract Change Order No. 2 to the construction contract with Garney Construction for the Recycled Water Transmission Main, Southwest Quadrant, Project SW1C, to increase the total construction contract amount by \$35,376.15 and add 321 calendar days in the contract time (Bid File 3439) (Council District 3 and Fresno County)

Sponsors: Department of Public Utilities

Indexes:

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Attachments: 1. Attachment 1 - Garney SW1C CCO No 2.pdf

Date	Ver.	Action By	Action	Result
3/21/2019	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

March 21, 2019

FROM: MICHAEL CARBAJAL, Director
Department of Public Utilities

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

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SUBJECT

Approve Contract Change Order No. 2 to the construction contract with Garney Construction for the Recycled Water Transmission Main, Southwest Quadrant, Project SW1C, to increase the total construction contract amount by \$35,376.15 and add 321 calendar days in the contract time (Bid File 3439) (Council District 3 and Fresno County)

RECOMMENDATIONS

Staff recommends that City Council approve the Contract Change Order (CCO) No. 2 to Garney Construction (Contractor) for the City of Fresno's (City's) Recycled Water Transmission Main, Southwest Quadrant, Project SW1C (Project), to increase the total construction contract amount by

\$35,376.15 and add 321 calendar days in the contract time.

EXECUTIVE SUMMARY

The Department of Public Utilities - Utilities Planning & Engineering, requests the approval of CCO No. 2 for the Project. This CCO No. 2 incorporates a Change Order Request (COR) 1 for Petro Mat Removal; Request For Proposal (RFP) No. 5 for additional recycled water service stub for Beth Israel Cemetery; several contract bid item adjustments; and compensation for claims filed by the Contractor; and adds a total of 321 calendar days to the contract time. The approval of this \$35,376.15 CCO No. 2, cumulatively with the previously approved CCO No. 1, will increase the original contract amount by 7.3% to a new total construction contract value of \$4,503,268.96. The construction work on the Project is complete and the Project is operational. The Contractor was significantly late in completing the Project and subsequently filed a claim for change in conditions. Through the mediated settlement agreement, the liquidated damages for delays are being released and, therefore, the construction contract must be extended to account for the additional time. CCO No. 2 is the result of the mediated settlement agreement and is the final change order to close out the construction contract for the Project. The cost of CCO No. 2 will be covered by supplemental work 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 December 11, 2014, City Council authorized the submission of an application for Clean Water SRF Low Interest Loan for the financing of the construction of the Recycled Water Transmission Main, Southwest Quadrant. The loan was approved by the state on August 3, 2015. The construction contract is fully funded through this loan.

On April 21, 2016, City Council approved the construction contract with Garney Construction for the Project. The Notice to Proceed (NTP) was issued on May 31, 2016, with a contract completion date of November 2, 2016. Subsequent to NTP, one CCO has been executed to date, resulting in a net total increase to the original contract amount by \$269,717.81.

Implementation of this CCO No. 2 will increase the total construction cost amount by \$35,376.15 and add a total of 321 calendar days to the contract time related to CCO No. 2 items. This CCO No. 2 (attached) incorporates the noted activities into the contract, resulting in a new total construction contract value of \$4,503,268.96. The construction work on the Project is complete and the Project is operational. The Contractor was significantly late in completing the Project and subsequently filed a claim for change in conditions. Through the mediated settlement agreement, the liquidated damages for delays are being released and, therefore, the construction contract must be extended to account for the additional time. CCO No. 2 is the result of the mediated settlement agreement and is the final change order to close out the construction contract for the Project. This increase will be covered by supplemental work allowance within the Project budget, and funded through the above noted SRF Low Interest Loan.

ENVIRONMENTAL FINDINGS

Approval of this CCO No. 2 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.

FISCAL IMPACT

This Project has no impact to the General Fund. It is located in Council District 3 and Fresno County. Appropriations for CCO No. 2 are available in the Wastewater Division's approved Fiscal Year 2019 Capital Improvement Projects budget within the SRF Low Interest Loan Fund 40528.

Attachment: Contract Change Order No. 2