



Legislation Details (With Text)

**File #:** ID#15-980    **Version:** 1    **Name:**

**Type:** Action Item    **Status:** Passed

**File created:** 10/26/2015    **In control:** City Council

**On agenda:** 11/19/2015    **Final action:** 11/19/2015

**Title:** Approve Fourth Amendment to the Professional Engineering Consulting Services Agreement with Carollo Engineers, Inc., in the amount of \$8,897,052 to provide Construction Phase and General Construction Contract Administration Services for the City of Fresno's 80-million gallon per day Southeast Surface Water Treatment Facility (Citywide).

**Sponsors:** Department of Public Utilities

**Indexes:**

**Code sections:**

**Attachments:** 1. Carollo 4th Amend.pdf

Date	Ver.	Action By	Action	Result
11/19/2015	1	City Council	approved	Pass

**REPORT TO THE CITY COUNCIL**

**November 19, 2015**

**FROM:** THOMAS C. ESQUEDA, Director  
Department of Public Utilities

**THROUGH:** MICHAEL CARBAJAL, Division Manager  
Department of Public Utilities - Water Division

**BY:** GLENN A. KNAPP, PE, Professional Engineer  
Department of Public Utilities - Water Division

**SUBJECT**

Approve Fourth Amendment to the Professional Engineering Consulting Services Agreement with Carollo Engineers, Inc., in the amount of \$8,897,052 to provide Construction Phase and General Construction Contract Administration Services for the City of Fresno's 80-million gallon per day Southeast Surface Water Treatment Facility (Citywide).

**RECOMMENDATIONS**

Staff recommends that City Council:

1. Approve the Fourth Amendment to the Professional Engineering Consultant Services Agreement with Carollo Engineers, Inc., in the amount by \$8,897,052 to provide Construction Phase and General Construction Contract Administration Services for the City of Fresno's 80-million gallon per day Southeast Surface Water Treatment Facility.
2. Authorize the Director of Public Utilities, or designee, to sign the Amendment on behalf of the City of Fresno.

## EXECUTIVE SUMMARY

On June 13, 2013, the Fresno City Council approved a five-part Professional Engineering Consultant Services Agreement (Agreement) with Carollo Engineers, Inc. (Carollo) for a Total Fee of \$9,991,000 to provide the following schedule of services for the Southeast Surface Water Treatment Facility (SESWTF) and Raw Water Supply System for the SESWTF (Kings River Pipeline):

Part One: Schematic Design Phase

Part Two: Design Development Phase

Part Three: Construction Document Phase

Part Four: Bidding Phase

Part Five: Construction Phase and General Construction Contract Administration.

Of the original Total Fee of \$9,991,000, \$9,445,637 has been allocated to complete Part 1 through Part 4 Services for the SESWTF and the Kings River Pipeline, which will leave a balance remaining of \$545,363 on the original Agreement.

As specified in the original Agreement, Part Five Services are to begin with the award of the general construction contract for the SESWTF, and will terminate when a Notice-of-Completion is filed with the SWRCB for the SESWTF. The City staff has negotiated a fee with Carollo to provide Part Five Services for the SESWTF in the amount of \$9,442,415. The value of the Fourth Amendment has been developed as follows:

### **Original Contract Value at Project Start = \$9,991,000 (inclusive of Design Contingency Fund)(1)**

Amount Allocated to Part 1 through Part 4 Services = \$9,445,637

*Balance Remaining on Original Contract Value = (\$545,363)*

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Level of Effort to Provide Part Five Services for SESWTF = \$9,442,415

Less Balance Remaining on Original Contract = (\$545,363)

*Value of Amendment No. 4 to Provide Part Five Services = \$8,897,052*

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### **Revised Contract Value at Project Completion = \$18,888,052**

(1) Original Contract value included a Design Contingency Fund of \$841,400

The value of the Fourth Amendment, in the amount of \$8,897,052, will increase the Total Fee of the Agreement to \$18,888,052, of which \$9,445,637 has been allocated to Part 1 through Part 4 Services, and \$9,442,415 will be allocated to Part 5 Services (Construction Phase and General Construction Contract Administration Services) for the SESWTF. These costs are at or below industry standards for professional engineering services for large public works projects. The Part 5 Services for the SESWTF will be funded with proceeds from the State Revolving Fund (SRF) Low-Interest Loan issued by the State Water Resources Control Board (SWRCB), and previously accepted by the Fresno City Council.

Staff recommends approval of Amendment No. 4 in the amount of \$8,897,052 to the Professional Engineering Consultant Services Agreement with Carollo to provide Construction Phase and General Construction Contract Administration Services for the City's 80-million gallon per day (MGD) SESWTF Project.

## **BACKGROUND**

On July 23, 2012, the Department of Public Utilities (DPU) initiated a consultant selection process in accordance with Fresno Municipal Code Chapter 4, Article 1, and Administrative Order 6-19, to select a professional engineering consulting firm to provide planning, permitting, design, and construction phase services for the SESWTF and Raw Water Supply System for the SESWTF. To initiate the selection process, DPU notified twelve (12) consulting firms directly, and advertised in The Business Journal on July 23, 2012, that the City was soliciting Consultant Statement of Qualifications for the SESWTF Project. DPU received four (4) Statements of Qualifications in response to the solicitation. After reviewing the Statements of Qualifications, DPU short-listed three (3) firms for interviews and upon completion of the interview process, Carollo was selected as being the most qualified to meet the City's needs for the Project.

### **Consultant Services Agreement**

On June 13, 2013, the Council approved a five-part Agreement with Carollo for a Total Fee of \$9,991,000 for the SESWTF and Raw Water Supply System for the SESWTF. The five parts of work included in the June 13, 2013 Agreement with Carollo included:

Part One: Schematic Design Phase

Part Two: Design Development Phase

Part Three: Construction Document Phase

Part Four: Bidding Phase

Part Five: Construction Phase and General Construction Contract Administration.

In accordance with the Agreement, Part Five Services (Construction Phase and General Construction Contract Administration) are to begin with the award of the general construction contract for the SESWTF, and will terminate when a Notice-of-Completion is filed with the SWRCB for the SESWTF. As the Engineer-of-Record for the SESWTF, Carollo is legally required to sign the Notice-of-Completion to certify that the SESWTF was constructed in general accordance with the project construction documents.

During construction of the SESWTF, Carollo will work under the direction and guidance of the City's Program Management Team and use the Capital Project Management Delivery System developed through the City's Program Management Services Contract.

### **Previous Amendments to the Consultant Service Agreement**

Subsequent to approving the five-part Consulting Services Agreement with Carollo on June 13, 2013, the City has approved three Amendments to the original Agreement.

On July 21, 2014, City Council approved the First Amendment to the Agreement to provide additional design services for an electrical substation to serve the SESWTF. The value of First Amendment

was \$225,000, and the costs were funded from the Design Contingency Fund.

On August 24, 2014, City Council approved the Second Amendment to the Agreement to provide additional design services for the Kings River Raw Water Pipeline for the SESWTF. The value of Second Amendment was \$52,867, and the costs were funded from the Design Contingency Fund.

On August 20, 2015, City Council approved the Third Amendment to the Agreement to provide additional agency coordination, surveying, and design required to complete the 100-percent construction documents for the SESWTF. The value of the Third Amendment was \$18,170, and the costs were funded from the Design Contingency Fund.

With the execution of Amendment No. 3, no additional amendments will be required to complete Part 1 through Part 4 Services for the SESWTF or the Kings River Pipeline. The Design Contingency Fund has a current balance remaining of \$545,363, and the remaining balance will be allocated to the

#### Part 5 Services.

The financial performance of the City's Agreement with Carollo as a percent of construction is as follows:

- The portion of the Total Fee allocated to Part 1 through Part 4 Services is \$9.4 million for the \$160 million SESWTF and the \$75 million Kings River Pipeline, which represents approximately 4 percent of the estimated construction cost for these two projects. This represents an efficient use of funds and is below industry standard metrics of 6 percent to 10 percent.
- The portion of the Total Fee allocated to Part 5 Services is \$9.4 million for the \$160 million SESWTF, which represents approximately 6-percent of the construction cost for this project. This also represents an efficient use of funds and is consistent with industry standard metrics of 6 percent.

The value of the this amendment is \$8,897,052, bringing the Total Fee awarded to Carollo for Part 1 through Part 5 Services to \$18,888,052. Of the Total Fee of \$18,888,052, \$9,445,637 has been allocated to Part 1 through Part 4 Services, and \$9,442,415 will be allocated to Part 5 Services for the SESWTF. Twenty-percent of the fee for Part 5 Services has been allocated to local professional services businesses to provide critically important support services for the SESWTF during construction.

The Fourth Amendment to the Consultant Services Agreement has been approved as to form by the City Attorney's Office, and the Consultant's Certificates of Insurance have been approved by the City's Risk Management.

## **ENVIRONMENTAL FINDINGS**

Adoption of this Fourth Amendment is not a "project" for the purposes of California Environmental Quality Act (CEQA), as it is a funding mechanism or other government fiscal activity, 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(b).

## **LOCAL PREFERENCE**

Local preference was not implemented because this action pertains to an amendment of an existing service contract.

### **FISCAL IMPACT**

There is no impact to the General Fund. This Fourth Amendment will use funds remaining from the original Consulting Services Agreement (\$545,363) and the balance of the funds (\$8,897,052) will be provided from a SWRCB State Revolving Fund Low-Interest Loan for construction of the SESWTF. Appropriations are included in Water Division's FY 2016 Capital Improvement Program adopted budget within the State Low Interest Loan SESWTF Fund (40188). The loan repayments were included in the water rate model used to create the five-year utility rate plan that was adopted by the City Council on February 26, 2015.

Attachment:

Fourth Amendment to Professional Engineering Consultant Services Agreement