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Title: Approve Change Order No. 12 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 \$990,191 (Citywide)
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12/7/2017	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

December 7, 2017

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SUBJECT

Approve Change Order No. 12 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 \$990,191 (Citywide)

RECOMMENDATION

Staff recommends that City Council approve Change Order No. 12 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 \$990,191 for installation of the security system for the Facility and the Kings River Pipeline (KRP) raw water supply diversion structure.

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. On June 8, 2017, Council rejected all bids for installation of the Facility security system. In order to maintain the Facility completion schedule and minimize project costs, it is recommended that the security system be incorporated into the construction contract through Change Order No. 12 in the amount of \$990,191, for a net total increase of \$3,697,904 (2.3%), through 12 Contract Change Orders (CCO's), resulting in a new total construction contract value of \$162,463,904. The cost of CCO No. 12 will be covered by contingencies within the project budget and funded by the State Revolving Fund (SRF) Low Interest Loan for the construction of the Facility.

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 (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 eleven CCO's have been executed to date, resulting in a net total increase to the contract value of \$2,707,713, 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;
- Miscellaneous other added and deleted work, totaling \$965,451;
- Additional design modifications and installation of a calcium hydroxide feed system \$543,385;
- Items previously noted and approved by Council for CCO's 10 and 11 for \$198,063 and \$369,675 respectfully.

Original efforts for installation of the Facility and KRP site security system were initiated through a Request for Consultant Pre-Qualification announcement posted to the City's PlanetBids Online site on June 30, 2016, and as advertised in the Business Journal on July 6, 2016. The City received three pre-qualification submittals that were evaluated by the Utilities Planning & Engineering

selection committee utilizing the criteria outlined in the pre-qualification package.

On February 28, 2017, completed project plans and specifications were provided to pre-qualified bidders on the City's PlanetBids Online site. On March 23, 2017, a project pre-bid meeting was held at the SESWTF Construction Management office at 6395 E. Floradora Avenue with three pre-qualified firms attending.

On April 25, 2017, three sealed bids were received and publically opened. The lowest and second lowest bidders were non-responsive due to missing documents on the bidder's checklist that were required to be included in the bid. The third bidder was non-responsive due to unauthorized signature of their bid. Both the lowest bidder and third lowest bidder did not file the required Disadvantaged Business Enterprise "Good Faith Effort" (DBE/GFE) for this federally funded project. Subsequently, all bids were rejected by Council on June 8, 2017.

In order to maintain the projects' aggressive completion schedule and minimize project costs, the projects' General Contractor, W.M. Lyles Company, will provide for installation of the project security system through this CCO No. 12. 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 \$990,191 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. 12 incorporates the noted activities into the contract resulting in a new total construction contract value of \$162,463,904.

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. Appropriations for CCO No. 12 are available in the Water Division's approved Fiscal Year 2018 Capital Improvement Projects budget within the SRF Low-Interest Loan Fund 40188. 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. 12