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Title: Cancel Construction Contract between the City of Fresno and Steve Dovali Construction, Inc., in the amount of \$450,260 for construction of well site improvements at Pump Station 156, located at 4069 West Kadota Avenue (Bid File 3648) (Council District 2)

Sponsors: Department of Public Utilities

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REPORT TO THE CITY COUNCIL

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SUBJECT

Cancel Construction Contract between the City of Fresno and Steve Dovali Construction, Inc., in the amount of \$450,260 for construction of well site improvements at Pump Station 156, located at 4069 West Kadota Avenue (Bid File 3648) (Council District 2)

RECOMMENDATION

Staff recommends City Council cancel the Construction Contract between the City of Fresno and Steve Dovali Construction, Inc. (Dovali), in the amount of \$450,260 for construction of well site improvements at Pump Station 156 (PS 156); and authorize the Director of Public Utilities, or designee, to sign all documents on behalf of the City of Fresno (City).

EXECUTIVE SUMMARY

The Department of Public Utilities (DPU), Water Division, solicited contractor services for construction of well site improvements through the competitive bidding process and City Council awarded a

Construction Contract in the amount of \$450,260 to Dovali on May 27, 2021. Prior to commencement of construction, required changes in the scope of work resulted in a substantial increase to the Contract amount. As such, staff is compelled to cancel the existing Construction Contract with Dovali pursuant to City of Fresno Standard Specifications Section 6-6 and rebid the project in order to reestablish competitive pricing.

BACKGROUND

The DPU, Water Division, maintains a network of more than 260 municipal water supply wells. The construction of new wells for this network is required to meet increased demands, replace wells that have reached the end of their useful life, or to assist in remediating water quality issues. The PS 156 project has been planned for several years and was recently prompted for construction due to increased water demands in the area.

The property for PS 156 was previously acquired and a new water supply well was recently constructed at the project site. Well site improvements are required to complete the pump station and bring the existing well to an operational state. The DPU, Water Division, solicited contractor services for construction of the remaining well site improvements through the competitive bidding process and a contract in the amount of \$450,260 was awarded to Dovali on May 27, 2021.

Prior to commencement of construction, plan changes were required as part of the permitting process which caused a delay in issuing the notice to proceed. The delay, combined with increasing labor rates, escalating material prices resulting from the pandemic, and the increased scope of work as required by project plan revisions caused the value of the work to exceed the contract amount. As construction has not yet started, City staff is compelled to cancel the existing Construction Contract with Dovali and rebid the Project in order to reestablish competitive pricing. Staff therefore recommends that City Council cancel the existing Construction Contract pursuant to City of Fresno Standard Specifications Section 6-6.

ENVIRONMENTAL FINDINGS

Environmental Assessment is not applicable to the cancellation of an existing contract.

LOCAL PREFERENCE

Local Preference is not applicable to the cancellation of an existing contract.

FISCAL IMPACT

There is no impact to the General Fund. Funds for the construction of PS 156 are included in Water Division's Fiscal Year 2023 Capital Improvement Program budget within the UGM 40122 Fund.

Attachment: City of Fresno Standard Specifications Section 6-6 (Excerpt)