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Staff Report for a Resolution Appropriating \$291,510.04 of Water Pollution Control Enterprise Funds and Approving an Increase in the Contract Change Order Cap from 25% to 40% (\$278,577.50 to \$445,724.00) for a Construction Contract with Con-Quest Contractors, Inc. for the Sanitary Sewer Line Replacement/Repair 2012-13 Project, Project No. 2013.0120

SUMMARY AND RECOMMENDATIONS

Staff recommends the appropriation of \$291,510.04 of Water Pollution Control Enterprise Funds and approval of an increase in the change order cap from 25% to 40% (from \$278,577.50 to \$445,724.00, an increase of \$167,146.50) of the original construction contract.

BACKGROUND

Sewer and storm facilities maintained by the City of San Leandro are routinely inspected. Locations that have deteriorated to the point where repairs are needed or may be needed in the near future and those that require a significant amount of maintenance by Public Works were included in the subject project.

The Sanitary Sewer Line Replacement/Repair 2012-13 Project was advertised on February 26, 2015, and the contract was awarded to Con-Quest Contractors, Inc. on April 20, 2015. Construction began in August 2015 and is still underway as of March 2016.

It is nearly impossible to produce a perfect set of project documents for which no changes need to be made during construction and it would be inefficient and costly to attempt to produce such a set of plans. This is especially true for underground projects involving sanitary sewer and storm drain facilities, since additional defects are regularly discovered during the completion of the work.

Various items have been required to be added to the project scope of work during the course of construction. One of these items has been the discovery of the need to repair a sanitary sewer main on Marina Boulevard just east of San Leandro Boulevard that was damaged with the installation of a communications conduit. This additional item repairs a void in the street surrounding the break in the sewer main. Other changes have been made to address problems, obstructions, or other issues discovered during construction as excavations were made.

As the resolution awarding the construction contract did not include language allowing for contract change orders, on September 8, 2015, by Resolution No. 2015-153, the City Council authorized Contract Change Orders up to 25% of the subject contract to address miscellaneous urgent repairs as described above. The current request would authorize an increase in the change order cap to 40% to allow for prior changes in the project scope and also to include the following urgent repair items in the contract:

- a) Sewer main replacement on West Juana Avenue between San Leandro Boulevard and Carpentier Street:
The existing 12-inch diameter sewer main is in extremely poor condition and is in need of replacement. The Marea Alta housing development requires this sewer main to connect its sewer service laterals. During the connection process for the development, the deteriorated condition of this sewer main was identified. In compliance with the City's Sanitary Sewer Master Plan this line will be upsized to a 16-inch pipe, which provides both an immediate remedy and addresses future demands. The Marea Alta development, which is an essential component of the Transit Oriented Development (TOD) strategy for Downtown San Leandro, cannot be finished without completing this work.
- b) Emergency repair of sewer force main line at the intersection of Merced Street and Fairway Drive:
10-inch diameter and 14-inch diameter sewer force mains transport sewer flows from Wicks and Merced Pump Stations to gravity lines on Marina Boulevard. In late 2015, while retrofitting its gas distribution line, PG&E damaged the 10-inch force main and immediately made repairs. Recently, staff observed leaks from the 10-inch force main, in the vicinity of the prior PG&E repairs. Based on mutual agreement and to ensure the repairs are expedited and properly completed, the City will make the repairs, which PG&E will reimburse if the leak is attributable to their prior work or repairs. Though all flows to the 10-inch force main line are currently rerouted to the 14-inch main, it is imperative that both mains are in service during this El Niño period. The consequences of not having the 10-inch line available to take on heavy flow include a high risk of backup and flooding.

Analysis

Authorization is needed for additional change orders to complete construction for the subject project and make repairs to these vital facilities.

- a) Sewer main replacement on West Juana Avenue between San Leandro Boulevard and Carpentier Street:

Bids were requested from three contractors for the sewer main replacement on West Juana Avenue and Con-Quest Contractors, Inc. submitted the lowest bid at \$193,555.00.

- b) Emergency repair of sewer force main line at the intersection of Merced Street and Fairway Drive:

The 10-inch force main is a vital facility that plays a crucial role in transporting sewer flows from low lying areas to gravity lines. This function is particularly critical during the current El Niño weather pattern. Work will be done based on contract bid prices unless exploratory work is needed to locate and repair the leak, in which case work outside of contract bid items will be paid for on a time and materials (T&M) basis.

The existing project funding of \$1,400,000.00 is insufficient to cover the total estimated project cost of \$1,691,510.04, (a \$291,510.04 increase) assuming the final contract change order percentage is 40%. Therefore, staff requests City Council approval to increase the appropriation for this project by \$291,510.04 and increase the contract change order limit from 25% to 40% (from \$278,577.50 to \$445,724.00, an increase of \$167,146.50) for this construction contract.

Current Agency Policies

- 2015 City Council Goal: Maintain and enhance the City's infrastructure

Previous Actions

- On July 21, 2014, the City Council by Resolution No. 2014-079 rejected all bids for the subject project.
- On April 20, 2015, the City Council by Resolution No. 2015-083 awarded the construction contract for the subject project to Con-Quest Contractors, Inc. and appropriated additional Water Pollution Control Enterprise Funds to allow for the inclusion of the Additive Bid Item.
- On September 8, 2015, the City Council by Resolution No. 2015-153 authorized the City Manager to negotiate and approve Contract Change Orders up to 25% for the contract with Con-Quest Contractors, Inc.

Applicable General Plan Policies

- Policy 52.04: Maintain efficient, environmentally sound, and cost-effective wastewater collection and treatment services in San Leandro.

Environmental Review

This project is categorically exempt from the California Environmental Quality Act (CEQA) per Section 15302 - Replacement or Reconstruction, Class 2. The Notice of Exemption was filed with the Alameda County Recorder's Office on July 22, 2013.

Summary of Public Outreach Efforts

This project was advertised in the Daily Review on February 26, 2015 as well as the World Journal, South County Post and Vision Hispana Newspaper whose circulation reflects the diversity of San Leandro. Staff also notified contractors interested in working with the City via email and sent plans to bid shops and plan rooms.

The contractor notified residents and businesses whose properties were directly impacted by construction by passing out flyers and talking to them in person.

Fiscal Impacts

The updated total project cost including design, contingency and construction management is estimated to be \$1,691,510.04 assuming the final contract change order percentage is 40%. An increase in appropriation is necessary for this project in the amount of \$291,510.04.

Budget Authority

This project will be funded as follows:

Previous allocations:

- 1) \$500,000.00 - Water Pollution Control Enterprise Funds, Sanitary Sewer Line Replacement/Repair 2012-13, Account No. 593-52-253, allocated in FY 2012-13
- 2) \$600,000.00 - Water Pollution Control Enterprise Funds, Sanitary Sewer Line Replacement/Repair 2013-14, Account No. 593-52-256, allocated in FY 2013-14
- 3) \$20,488.00 - Measure B Funds, Storm Drain Outfall Repair, Account No. 144-38-340, allocated in FY 2014-15
- 4) \$279,512.00 - Water Pollution Control Enterprise Funds Adjustment, Account No. 593-52-253, Council approved appropriation via Resolution NO. 2015-083

Funding appropriation request of City Council:

\$291,510.04 appropriated from the Water Pollution Control Enterprise Fund balance to complete the Sanitary Sewer Line Replacement/Repair 2012-13 Project.

ATTACHMENT

None.

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