



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Stufflebean
Jennifer A. Maguire

SUBJECT: SEE BELOW

DATE: 12-17-07

Approved

Deanne A. Maguire

Date

12/19/07

COUNCIL DISTRICT: 8

SUBJECT: CONSTRUCTION CONTRACT CHANGE ORDER # 1 FOR THE VILLA VISTA RESERVOIR REHABILITATION

RECOMMENDATION

1. Approve Contract Change Order #1 for reservoir structural repair and a contract time extension of 17 working days with Olympus & Associates, Inc., for the Villa Vista Reservoir Rehabilitation project, at an additional cost of \$51,727 to the City.
2. Adopt the following Appropriation Ordinance amendments in the Water Utility Capital Fund (500):
 - a. Increase the Villa Vista Reservoir Rehabilitation appropriation in the amount of \$77,000; and
 - b. Decrease the Forestwood Drive Main Replacement appropriation in the amount of \$77,000.

OUTCOME

Approval of Contract Change Order #1 to the Villa Vista Reservoir Rehabilitation project and Appropriation Ordinance amendments will allow the contractor to replace the reservoir's structurally unsound roof support system.

BACKGROUND

On October 2, 2007, Council approved the contract for the Villa Vista Reservoir Rehabilitation project to the low bidder, Olympus & Associates, Inc., in the amount of \$232,680. The Villa Vista Reservoir is an above-ground, 300,000 gallon welded steel tank constructed in 1967 in the

Evergreen service area. The reservoir is located on Villa Vista Road, adjacent to the Villages residential community. The protective coating on this tank has reached the end of its useful life.

The project scope includes complete removal of the existing coating, application of a new coating, and miscellaneous upgrades to the reservoir designed to replace outdated appurtenances and reflect current CAL/OSHA regulations. Upgrades include the installation of larger roof and wall access hatches, new roof edge railing, new interior and exterior ladders with safety rail systems, and several other items designed to promote safe use by staff.

ANALYSIS

Portions of the reservoir were known to be corroded, but the full extent of corrosion on the interior of the tank was unknown prior to construction. After construction commenced, the reservoir was taken out of service and drained. At that time, the contractor was able to access all portions of the interior and inspect the structure. It was found during this inspection, which could not be done while the reservoir was in use, that parts of the roof's steel structural support system were corroded beyond repair and must be replaced.

After it was determined that the support system needed to be replaced, staff requested a quote from the contractor for costs to replace the roof structural support system. The contractor quoted a price of \$51,727 to complete the necessary work. The structural repair will include replacement of the roof rafters, center column, and wear plates. The new support system will meet all American Water Works Association reservoir structural design standards and will require an additional 17 working days to complete. In addition to the \$51,727 for actual construction, \$15,000 is needed to fund increased project delivery costs, including additional design, review and inspection associated with this change.

Staff has concluded that the cost of the additional work and time required is reasonable and acceptable. Accordingly, staff recommends Council approval of Contract Change Order #1, including extension of the contract by an additional 17 working days.

However, the approved project contingency of \$25,000 is insufficient to cover the additional costs associated with this repair. The recommendation includes \$66,727 associated with the extra work, plus a \$10,000 rebudget of project funding from the prior fiscal year, which was inadvertently put into Fund Balance instead of rebudgeted to fund anticipated project delivery costs. Therefore, an additional funding request of \$77,000 is included as part of the recommendation. This additional funding will allow staff to maintain the previously approved \$25,000 contingency in the event that other unforeseen conditions arise throughout the rest of the project.

The additional funds will be reallocated from Forestwood Drive Main Replacement appropriation savings and will have no impact on the Ending Fund Balance for the Water Utility Capital Fund. No additional funding for the Forestwood Drive Main Replacement project is

required, as the project is complete. It should be noted that the current appropriation balance for the Forestwood Drive Main Replacement is \$246,691.

EVALUATION AND FOLLOW-UP

Replacement of the reservoir's roof structural support system will extend the useful life of the reservoir, and maintain the reliability of the water distribution system.

POLICY ALTERNATIVES

Alternative 1: Not extend the contract time and approve the additional work.

Pros: None.

Cons: Work on the project could not continue. The project would need to be redesigned to include the additional work, and rebid for construction.

Reason for not recommending: The tank would have to remain out of service indefinitely until the project is redesigned, a new contract is executed, and the project is completed.

PUBLIC OUTREACH/INTEREST

Although the criteria below do not apply to this item, this memorandum will be posted on the City's website for the Council Agenda of January 15, 2008.

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

COORDINATION

This project has been coordinated with the City Attorney's Office.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION:	\$66,727
2. COST OF PROJECT:	
Project Delivery:	\$35,000
Construction:	\$232,680
Contract Change Order #1	\$51,727
Inspection Contract:	\$40,000
Contingency:	<u>\$25,000</u>
TOTAL	\$384,407
 Prior Year Expenditures	 (\$8,177)

REMAINING PROJECT COSTS **\$376,230**

3. SOURCE OF FUNDING: 500 – Water Utility Capital Fund
4. FISCAL IMPACT: There are no cost implications to the General Fund as a result of this action. This recommendation meets the general principles of the City’s FY 2007-08 Budget Message of providing essential public services while valuing financial sustainability and cost recovery.

BUDGET REFERENCE

The table below identifies the fund and appropriations proposed to fund the contract recommended as part of this memo and remaining project costs, including project delivery, construction, and contingency costs.

Fund #	Appn. #	Appn. Name	RC #	Total Appn.	Amt. For Contract	2007-2008 Adopted Capital Budget (Page)	Last Budget Action (Date, Ord. No.)
Total Remaining Project Costs				\$376,230			
Current Funding Available							
500	5522	Villa Vista Reservoir	144615	\$300,000	\$232,680	V-185	
Total Current Funding Available				\$300,000			
Additional Funding Recommended							
500	5515	Forestwood Drive Main Replacement	144595	\$77,000	\$51,727	V-188	10/16/2007 Ord. 28143
Total Funding for Project Costs				\$377,000	\$284,407		

HONORABLE MAYOR AND CITY COUNCIL

12-17-07

Subject: Villa Vista Reservoir Rehabilitation Contract Change Order #1

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CEQA

CEQA: Exempt, File No. PP07-148.



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Director, Environmental Services



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Acting Budget Director

For questions please contact Robert Wilson, Division Manager, Environmental Services
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