



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow
David Sykes

SUBJECT: SEE BELOW

DATE: May 29, 2012

Approved

Date 6/1/12

SUBJECT: CONTRACT CHANGE ORDER NO. 21 FOR THE "SWITCHGEARS M1, M2 & M3 REPLACEMENT DESIGN-BUILD PROJECT" AT THE SAN JOSE/SANTA CLARA WATER POLLUTION CONTROL PLANT

RECOMMENDATION

1. Adopt a resolution authorizing the Director of Environmental Services to negotiate and execute Contract Change Order (CCO) No. 21 for the Switchgears M1, M2, & M3 Replacement Design-Build Project in the maximum amount of \$195,000 with Rosendin Electric for a total contract amount not to exceed \$9,685,025.
2. Approve a \$40,000 increase to the construction contingency amount of \$1,258,047 for a revised contingency amount of \$1,298,047 and a total contract amount not to exceed \$9,685,025.

OUTCOME

Approval of CCO No. 21 and increase to the construction contingency will allow for a new stairwell and ventilation system to be constructed at the M3 Switchgear cable vault, thereby enabling the M3 vault to be reclassified as a non-confined space area.

BACKGROUND

In June 2010, the City Council approved the award of the Switchgears M1, M2 & M3 Replacement Design-Build Project to Rosendin Electric, Inc. in the amount of \$8,386,978 along with a 15% contingency in the amount of \$1,258,047. The project is currently 90% complete with \$156,385 remaining in the contingency balance.

The scope of work for the M3 switchgear included removal and replacement of existing switchgear M3, installation of a 115KV relay building, and installation of associated

interconnecting cables. Construction of the new M3 switchgear is expected to be completed in December 2012. The replacement of M1 and M2 switchgears was completed earlier this year.

ANALYSIS

The existing 4.16 kV M3 switchgear is mounted over a 20' x 40' x 8' cable vault which allows underground cables to be routed to the M3 switchgear feeders. Beginning last year, due to a new confined space permit requirement, access to the cable vault requires a third-party stand-by rescue team. These requirements significantly restrict access and increase maintenance costs to perform routine work. The M3 switchgear is one of the two remaining switchgears in the Plant that needs to be upgraded to eliminate the need of confined space entry permits. Other switchgears will be upgraded in the future when they are due for replacement.

This change order will allow Rosendin Electric to provide the labor, materials and equipment to expand the existing vault and install a below-grade stairwell, including a new ventilation system. This modification will enable the M3 switchgear vault to be re-classified as a non-confined space area and provide maintenance staff with direct, unassisted access to the vault. The one-time cost of these improvements is estimated at \$145,000. Staff reviewed the proposal and determined that the proposed cost is in-line with the project's schedule of values and is reasonable for the work involved. A \$50,000 allowance is recommended to enable Rosendin to address potential utility conflicts that may arise during construction.

Total funding needed for CCO No. 21 is \$195,000. With \$156,385 remaining in the contingency, a \$40,000 increase to the originally approved construction contingency will be required to implement the change and complete the project.

This change order will not add any additional working days to the construction contract.

EVALUATION AND FOLLOW-UP

The project is currently within budget with a projected completion of December 2012. No other follow-up action with the Council is expected at this time. Should start-up or testing conditions warrant additional change orders to be executed that require Council action, staff will bring forth those recommendations at that time.

POLICY ALTERNATIVES

Alternative #1: Not approving CCO No.21 and bidding out the stairwell construction as a separate project.

Pros: Potential lower construction cost from a competitive bidding process.

Cons: A separate set of plans and specifications will need to be developed for bidding through a separate process which will require additional City staff time and cost.

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Reasons for not Recommending: The cost of developing a separate bid package and going through a separate bidding process will most likely offset any potential cost savings from a competitive bid procurement. In addition, this process will require additional time to install the remote control equipment which will not coincide with the current scheduled demolition of the existing M3 switchgear.

PUBLIC OUTREACH / INTEREST

- 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)**

This action does not meet the above criteria, however this memorandum will be posted on the City's website for the June 19, 2012 Council Agenda.

COORDINATION

This project and memorandum have been coordinated with the City Manager's Budget Office, and the City Attorney's Office. This item is scheduled to be heard at the June 14, 2012, Treatment Plant Advisory Committee (TPAC) meeting.

COST SUMMARY/IMPLICATIONS

This action will allow staff to encumber the additional funds needed to execute CCO No. 21. There is sufficient funding in the San Jose-Santa Clara Treatment Plant Capital Fund, Plant Electrical Reliability appropriation to cover this contingency increase.

1.	AMOUNT OF RECOMMENDATION:	\$40,000
2.	COST OF PROJECT	
	Project Delivery	\$1,315,415
	Construction	8,386,978
	Previous Change Orders	1,101,662
	Remaining Contingency Balance	156,385
	Contingency Increase	40,000

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TOTAL PROJECT COSTS **\$11,000,440**

2011-2012 Expenses and Encumbrances **\$3,768,719**

Prior Year Expenditures **\$6,948,000**

REMAINING PROJECT COSTS **\$283,721**

3. SOURCE OF FUNDING: 512 – San José-Santa Clara Treatment Plant Capital Fund.

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	Adopted 2011-2012 Budget Page	Last Budget Action (Date, Ord. No.)
<u>Remaining Project Costs</u>				\$283,721			
<u>Remaining Funding Available</u>							
512	4341	Plant Electrical Reliability	158345	\$2,814,000	\$40,000	V-171	6-21-2011, Ord. No. 28928
<u>Total Current Funding Available</u>				\$283,721	\$40,000		

CEQA

Exempt, PP04-03-079

/s/
DAVID SYKES
Director of Public Works

/s/
KERRIE ROMANOW
Acting Director, Environmental Services

For questions please contact Jon Newby, Deputy Director of Environmental Services, at (408) 635-2000 or Michael O’Connell, Deputy Director of Public Works, at (408) 535-8300.