



DATE: December 12, 2017

TO: Mayor and City Council

FROM: Director of Utilities & Environmental Services

SUBJECT Water Pollution Control Facility Digester Improvement Project: Approval of Contract Amendment to Include Administrative Change Order Budget in Total Contract Amount

RECOMMENDATION

That Council adopts the attached resolution increasing the construction contract by \$300,000 to include the Administrative Change Order (ACO) budget omitted in the original resolution for the Water Pollution Control Facility (WPCF) Digester Improvement Project.

BACKGROUND

The City’s WPCF provides wastewater treatment for Hayward’s residential and business communities. The facility treats an annual average of eleven million gallons per day (MGD) and meets current requirements for discharge of treated effluent to the deep waters of the San Francisco Bay. The treatment process includes three anaerobic digesters ranging in volume from 0.9 to 1.4 million gallons with one digester constructed in 1952, the second in 1958, and the third in 1976.

On April 19, 2016, the Council awarded a contract to Anderson Pacific Engineering Construction, Inc., in an amount not to exceed \$4,265,000 for the Digester Improvement Project (Project). Details about the scope of work and bid process can be found in the associated [agenda report](#). In summary, the project included replacement and/or rehabilitation of existing components within Digesters 1 and 2, new gas flow meters, renovations to the existing heating and mixing buildings, new valve actuators for improved operability, a new sludge blending tank, and a new waste gas burner.

DISCUSSION

In the April 19, 2016 agenda report, staff estimated the total project cost to be \$5,400,000, of which \$4,265,000 was for the subject construction contract. The total project cost also included an estimated \$300,000 for an ACO budget. This amount was intended to cover unforeseen field conditions or other necessary construction modifications. The ACO budget represented just over seven percent of the total construction contract, which is typical for a utilities rehabilitation

project and required staff approval prior to use. A complete breakdown of estimated project costs is shown below.

Total Estimated Project Cost

Design and Engineering Services During Construction (Consultant)	\$675,000
Design Administration (City Staff)	\$50,000
Construction (Contractor)	\$4,265,000
Administrative Change Order	\$300,000
Programming Services	\$40,000
Inspection and Testing (City Staff and Outside Lab)	<u>\$70,000</u>
Total	\$5,400,000

Resolution 16-051 awarded the contract to Anderson Pacific Engineering Construction Inc., in an amount not to exceed \$4,265,000, but inadvertently omitted the \$300,000 ACO budget. Staff's intent was to include the ACO budget in addition to the vendor's bid amount, for a total contract amount of \$4,565,000.

The project is in the final stages of construction now, and staff anticipates it will be completed by the end of the year within the original estimated budget. To complete the project and close out the contract, staff requests that the Council authorize an amendment to the construction contract which would increase the amount by \$300,000 to \$4,565,000 to include the previously omitted, yet intended, ACO budget.

STRATEGIC INITIATIVES

This agenda item does not directly relate to one of Council's Strategic Initiatives.

FISCAL AND ECONOMIC IMPACT

Staff requests the Council authorize an amendment to the construction contract that would increase the amount by \$300,000 to \$4,565,000. There is sufficient project budget to cover the requested contract increase, as it was included in the original estimate.

SUSTAINABILITY FEATURES

This project will refine and enhance the performance of the City's three WPCF digesters. This will result in, among other things, enhanced bio-gas production in the digesters, which in turn will result in higher renewable fuel to produce power at the City's existing co-generation facility. Additionally, there will be a reduction in the small amount of natural gas currently used to blend with bio-gas, and, more significantly, increased power generation and higher export of electric energy through the PG&E transmission grid to other City facilities. This project also improves the bio-gas handling systems at the WPCF and will further minimize uncontrolled harmful emissions of bio-gas into the environment.

PUBLIC CONTACT

All work associated with this project is within the WPCF plant boundary; therefore, no public contact is necessary.

NEXT STEPS

If Council approves including the \$300,000 ACO budget to the contract, staff will finalize and close the project.

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Recommended by: Alex Ameri, Director of Utilities & Environmental Services

Approved by:



Kelly McAdoo, City Manager