



DATE: April 28, 2020

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT: Adopt a Resolution Authorizing the City Manager to Amend the Construction Contract with Con-Quest Contractors, Inc., for Additional Administrative Change Order Authority in the Amount of \$150,000 for a Contract Not-to-Exceed \$1,976,600, for the Recycled Water Customer Onsite Conversions Project, Project No. 07507

RECOMMENDATION

That Council adopts a resolution (Attachment II) authorizing the City Manager to amend the construction contract with Con-Quest Contractors, Inc., for additional administrative change order authority in the amount of \$150,000 for a total contract not-to-exceed amount of \$1,976,600.

SUMMARY

The City's Recycled Water Project consists of constructing a treatment facility, storage tank, and pump station at the City's Water Pollution Control Facility (WPCF) and installing distribution pipelines and customer connections to deliver recycled water to customers for irrigation and industrial uses. In September 2019, the City entered into a construction contract with Con-Quest Contractors, Inc., (Con-Quest) for the Recycled Water Customer Onsite Conversions Project. Staff is requesting Council approval to amend the construction contract amount with Con-Quest to increase the administrative change order amount by \$150,000 to a total of \$237,000, thereby raising the total contract not-to-exceed amount to \$1,976,600.

BACKGROUND

The City is implementing the Recycled Water Project, which will provide a locally sustainable and drought-proof supply of recycled water to customers for irrigation and industrial uses. The Recycled Water Project consists of constructing a treatment facility, storage tank, and pump station at the WPCF and installing eight miles of distribution pipelines and customer connections to deliver recycled water to customers for irrigation and industrial uses. The City-owned recycled water treatment facility was added to the project in December 2017, after the City was unable to make progress with Russell City

Energy Corporation, LLC (RCEC) in finalizing an agreement for the City to obtain recycled water from RCEC's Recycled Water Facility, located adjacent to the WPCF.

Construction of the City's Recycled Water Project is well underway. The initial phase (Phase I) of the project is anticipated to deliver an estimated 290 acre-feet per year, or about 260,000 gallons per day (gpd), of disinfected tertiary treated recycled water to thirty-one customer sites within a three-mile radius of the WPCF. The Phase I customer sites include four parks, six schools, one college, nineteen private businesses, and City street landscaping.

The Recycled Water Project is being constructed under multiple contracts. The final contract for the Recycled Water Project involves construction of irrigation system retrofits necessary to convert customer sites from the City's potable drinking water system to the new recycled water system. On March 20, 2017, the City entered into an Agreement with HydroScience Engineers, Inc., to provide engineering, design, and construction support services for customer onsite retrofit conversions. On September 10, 2019, the City entered into an Agreement with Con-Quest to construct the Recycled Water Customer Onsite Conversions Project.

DISCUSSION

Construction of the distribution system pipelines, storage tank, and pump station have been completed. Construction of the recycled water treatment system is nearly complete; however, final completion and startup has been delayed due to shelter in place restrictions as a result of the COVID-19 pandemic. The City is currently in construction to retrofit thirty-one customer sites to use recycled water. Water deliveries to customers were originally anticipated to begin in late spring, with all customers connected to the recycled water system by late summer. However, due to the current COVID-19 pandemic, completion of the treatment system is currently delayed with the actual startup date unknown. Currently, staff does not anticipate any financial impacts associated with this delay due to the project being nearly complete, allowing the Contractor (TNT Industrial Contractors, Inc.) to temporarily demobilize and return to the site when startup activities resume. On March 31, 2020, Alameda County issued a shelter in place directive that restricted the kind of public works projects that could be called essential. On April 1, staff directed Con-Quest to stop work in compliance with the March 31 order until May 3 or when lifted by the County. The cost impacts for stopping the work, including demobilization, remobilization, and other impacts, are currently unknown.

Notice to Proceed on the customer retrofits project was issued on November 4, 2019 and the Contractor has been working on customer retrofits and installation of double check detector (DCDA) assemblies on the fire supply lines to customers primarily on Cabot Boulevard. During the construction of the customer onsite retrofit conversions and DCDA's, staff encountered unforeseen conditions related to unknown buried utilities and utility conflicts resulting in additional costs to the contract, which are typical in projects of this scope and complexity. In addition, due to the unexpected nature of the COVID-19 developments and resulting project delays as outlined above, staff anticipates additional costs will be forthcoming resulting from project delays. Furthermore, prior to the March 31 order, customers were increasingly difficult to contact and coordinate with due to shelter-

in-place restrictions on non-essential businesses imposed on March 16. The total impact of the COVID-19 situation including delays due to limiting contacts with the public due to shelter-in-place work restrictions, potential interruptions from construction material supply chains, reduced labor forces, travel restrictions, and the restrictions on public works construction projects imposed in the March 31 shelter-in-place restrictions are unknown.

Therefore, due to changes in the project scope and complexity, and the unknown nature of COVID-19 and its impacts on the schedule and subsequent construction delays, staff is requesting that the administrative change order budget be increased by \$150,000 to a total of \$237,000. The original change order budget of \$87,000 was 5% of the contract amount, whereas the revised total change order budget of \$237,000 is 14% of the contract amount. The revised contract not-to-exceed amount for Con-Quest is revised from \$1,739,600 to \$1,976,600.

ECONOMIC IMPACT

The community, as a whole, will benefit from the Recycled Water Project through greater diversity and reliability of water supplies, especially during periods of drought. The economic impact of the project on customers will, to some extent, depend on the total costs to implement the City's Recycled Water Project, which includes the capital and operating costs for the storage and distribution system and recycled water treatment facility. On July 2, 2019, Council adopted a recycled water rate structure that provides a balance between recovering costs over the life the project and offering an incentive to customers who can receive recycled water.

FISCAL IMPACT

The proposed amendment would authorize an additional \$150,000 towards the existing construction contract to cover the increased project costs, to a not-to-exceed total of \$1,976,600. Sufficient funds are available in the fund balance. There will be no impact to the General Fund.

STRATEGIC ROADMAP

This agenda item supports the Strategic Priority of Improve Infrastructure. Specifically, this item relates to the implementation of the following project:

Project 18, Part 18a: Expand recycled water facilities; Complete RW project construction (initial phase).

SUSTAINABILITY FEATURES

The use of recycled water will reduce the demand for drinking water and improve the reliability and availability of drinking water, while providing a sustainable and drought-proof water supply for some irrigation uses. It will also reduce the volume of wastewater and associated nutrients and residual pollutants discharged to San Francisco Bay, which is required to meet increasingly stringent discharge regulations.

PUBLIC CONTACT

The Recycled Water Ordinance, which includes provisions for mandatory use of recycled water for appropriate irrigation and industrial uses, was introduced at a public hearing of the City Council on December 1, 2015 and adopted on December 15, 2015. Prior to the adoption of the Ordinance, a customer meeting was held on November 20, 2015 at City Hall to inform the customers about the City's proposed Recycled Water Project.

In addition, staff and the City's consultant, HydroScience Engineers, have worked closely with the customers to design, schedule, test, and train site supervisors for the onsite piping modifications that are required to connect a customer to the new recycled water distribution system. This close coordination with customers will continue throughout the construction, testing, and permitting phases. HydroScience will also be implementing educational efforts to train site supervisors, including City staff, on the use of recycled water to ensure a smooth transition. Informational materials on the Recycled Water Project can be viewed at the following website.¹

NEXT STEPS

If Council approves the \$150,000 increase in the contract amount, staff will increase the budget with Con-Quest Contractors, Inc., to a not-to-exceed amount of \$1,976,600.

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Recommended by: Alex Ameri, Director of Public Works

Approved by:



Kelly McAdoo, City Manager

¹ Recycled Water Website Link <https://www.hayward-ca.gov/your-government/departments/utilities-environmental-services/recycled-water>