Title: Change Order: Sacramento Water Treatment Plants Rehabilitation Project Phase 2 Improvements

Location: Districts 3 and 6

Recommendation: Adopt a Resolution: 1) authorizing the City Manager or the City Manager’s designee to execute Change Order No. 1 to City Agreement No. 2019-1570 with TNT Industrial Contractors, Inc. (TNT), for an amount not-to-exceed $167,352, bringing the agreement’s total not-to-exceed amount from $1,301,738 to $1,469,090; 2) resetting the City Manager’s administrative authority to issue Change Orders for Agreement No. 2019-1570, and 3) transferring $90,000 from the Base CIP Contingency - Water (Z14000700, Fund 6005) to the Treatment Plant Rehab Design (Z14006000, Fund 6005).

Contact: Megan Thomas, Project Manager (916) 808-1729; Michelle Carrey, Supervising Engineer (916) 808-1438; Tony Bertrand, Engineering & Water Resources Division Manager, (916) 808-1461; Department of Utilities

Presenter: None

Attachments: 1-Description/Analysis 2-Change Order No. 1 3-Resolution
Description/Analysis

Issue Detail: Staff recommends Council approve Change Order No. 1 with TNT for City Agreement No. 2019-1570, to install a structural wall to address unanticipated corrosion impacts to the structural integrity of existing bulkheads in the grit basin of the E. A. Fairbairn Water Treatment Plant (FWTP). The plant must be out of service to complete the work. As this work is similar in nature to other structural walls built as part of the existing contract, the proposed change order would ensure the repair is completed during the shutdown window without impacts to the City of Sacramento (City) water system.

Policy Considerations: This Change Order exceeds the City Manager’s approval authority and requires Council approval.

Economic Impacts: This Change Order is expected to create 0.67 total jobs (0.39 direct jobs and 0.28 jobs through indirect and induced activities) and create $103,328.98 in total economic output ($65,129.05 of direct output and another $38,199.93 of output through indirect and induced activities).

The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical $1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

Environmental Considerations: The subject project was reviewed and determined to be categorically exempt from the California Environmental Quality Act (CEQA). The projects consist of the operation, repair, and maintenance of existing utility systems involving negligible expansion of capacity (CEQA Guidelines Section 15301(b)).

Sustainability: The proposed project is consistent with the 2035 General Plan as it improves infrastructure reliability at the two city water treatment plants, which will enhance their ability to produce high quality potable water efficiently and cost-effectively.

Commission/Committee Action: Not applicable.
**Rationale for Recommendation:** Due to the location of this particular structural impact to the treatment plant, the treatment plant has to be out-of-service to complete the needed work. The annual scheduled maintenance of the plant is set to occur between February and April, providing a construction window to complete the work without impacting the City’s drinking water system. The existing construction contract has similar work occurring under other work items which ensures that the contractor has the capability, certifications, materials, and equipment needed to complete the work identified in the change order. Since they are already doing similar work at the facility, costs associated with mobilization are minimal and the costs of construction are consistent with their low bid prices. To avoid any issues during high water demand periods that could result in shutting down the treatment plant, it is in the City’s best interest to mitigate the structural issue during the upcoming FWTP shut down.

**Financial Considerations:** The original not-to-exceed amount of the contract was $1,301,738. Proposed Change Order No. 1 in the amount of $167,352 would increase the contract not-to-exceed amount to $1,469,090. Staff recommends transferring $90,000 from the Base CIP Contingency - Water (Z14000700, Fund 6005) to the Treatment Plant Rehab Design (Z14006000, Fund 6005) to award the proposed Change Order and to cover estimated increased project costs through completion of the project.

There are no General Funds allocated or planned for this project.

**Local Business Enterprise (LBE):** TNT Industrial Contractors, Inc. is an LBE.

**Background:** In the winter of 2018-19, during the scheduled shutdown of the FWTP, the grit basin bulkheads were to be coated in order to prolong the life of the bulkheads. During the surface preparation of the steel, it was quickly determined that the material was in worse condition than anticipated. The larger of the bulkheads was fully replaced due to its condition as an emergency change order to City Agreement 2018-0672 FWTP Filters #9-16 Rehabilitation Project with Utility Service Co., Inc/Suez Advanced Solutions, the contractor at that time. A temporary repair was installed on the other bulkheads because a more permanent solution was not viable at the time.

The bulkheads that remained are imbedded in the river levee which eliminated the ability to replace the bulkheads because of the restriction of excavation around the levees during winter months. Excavation any other time would trigger costly environmental reviews and long delays associated with permitting, and shutdown of the plant during the high demand season which would impact the ability to supply drinking water to City customers. Since the bulkhead walls were originally designed to be temporary, a permanent structural repair on the interior of the grit basin would address these concerns and any potential concerns moving forward.
The temporary repair completed during the winter of 2018-19 was intended to minimize failures until the next shutdown when the permanent fix could be implemented. It was intended for this work to be included as part of this project in the original bid but was left off due to unforeseen delays in the design of the structural wall. The contractor was notified of the potential need to add this work into the contract at the beginning of the project. The design is now complete, and staff is proposing to include the work in the project by this change order.
CITY OF SACRAMENTO
CHANGE ORDER

Contract # & Date: 2019-1570 10/15/19  Budget #: 472011-50000-6005-51000000-2020-Z14006012-401

Purchase Order #: 0000054190  Change Order No: 1

Sacramento, California

TO: TNT Industrial Contractors, Inc., Contractor

CONTRACT FOR: Sacramento Water Treatment Plants Project, Phase 2 (B20141321002)

Upon mutual acceptance of this document by the City of Sacramento, hereinafter referred to as "CITY", and your firm, hereinafter referred to as "CONTRACTOR", in accordance with the terms and conditions of the original contract documents, you are hereby directed to make the following change or changes for the consideration set forth below:

Description: “See Exhibit A, attached and incorporated herein”

The original contract sum was: $1,301,738.00
Net change by previous change orders: $0.00
The contract sum prior to this change order was: $1,301,738.00
The contract sum will be increased by this C.O.: $167,352.00
New contract sum including all Change Orders: $1,469,090.00

CONTRACTOR agrees that the amount of increase or decrease in the contract sum specified in this change order shall constitute full compensation for the work required by this change order, including but not limited to all compensation for the additional and/or revised work specified herein, and shall fully compensate CONTRACTOR for any and all direct and indirect costs that may be incurred by CONTRACTOR in connection with such additional and/or revised work, including any changes, disruptions or delays in work schedules or in the performance of other work by CONTRACTOR. The time for performance of the Contract will increase by 50 calendar days by reason of the work required by this Change Order. Except as herein above expressly provided, CONTRACTOR further agrees that the performance of the work specified in this Change Order or the rescheduling of other project work made necessary by this Change Order, shall not constitute a delay which will extend the time limit for completion of the work as said term is used in the Contract between CITY and CONTRACTOR for the project.

Approval Recommended By: 

[Signature]
Project Manager – Megan Thomas  Date 2/16/20

Approved By:

[Signature]
Contractor – TNT Industrial Contractors, Inc.  Date 02/10/2020

Approved as to Form By:

Michael Voss – Senior Deputy City Attorney

Approved By:

[Signature]
William O. Busath – Director, Department of Utilities

Attested By:

[Signature]
Mindy Cuppy - City Clerk
CITY OF SACRAMENTO  
CHANGE ORDER  
EXHIBIT A  

Contract # & Date: 2019-1570 10/15/19   Budget #: 472011-50000-6005-51000000-2020-Z14006012-401  

Purchase Order #: 0000054190  Change Order No: 1  

1) During the Construction project of the E. A. Fairbairn Water Treatment Plant Filters No. 9-16 Rehabilitation Project which occurred in 2018, the conditions on the grit basin bulkheads at E. A. Fairbairn Water Treatment Plant were found to be structurally compromised. Due to the location of the bulkheads being within the levee, replacement wasn’t feasible. Due to the importance of the bulkheads for running the plant, delays associated with design and completing a permanent fix at the time was also not feasible. As a result, an emergency temporary coating repair was conducted in order to return the treatment plant into service. The permanent fix was determined to be a structural concrete wall which requires the plant to be shutdown in order to complete construction. Although the wall was supposed to be part of the original Misc. Plant Improvements Phase 2 project, due to issues with the design firm and the urgency to meet shutdown periods of the plants, the design wasn’t completed in time to be part of the original project bid. Due to the restricted window to complete the wall, a change order in this contract is necessary in order to meet the required expedition of the work. Materials and work is similar to two other line items within the project which ensures all submittals and materials are available for installation during the plant shutdown, and the wall can be cured and meet NSF-61 standards in time for plant start-up in April. The Contractor has been directed to install the wall, with an NSF-61 coating, such that it is cured within the 50 calendar day shutdown window, and has provided a lump sum price of $167,352.00. This change order will compensate the CONTRACTOR and constitutes full compensation for the work, including all mark-ups, profits, surcharges, taxes, and overhead costs.  

This change will add fifty (50) calendar days to the Contract Time.  

Total This Item: $167,352.00  

Total This Change Order: $167,352.00
RESOLUTION NO. 2020-

Adopted by the Sacramento City Council

March 10, 2020

Sacramento Water Treatment Plants Rehabilitation Project, Phase 2 Improvements

BACKGROUND

A. The Department of Utilities (DOU) has two drinking water treatment plants: Sacramento River Water Treatment Plant (SRWTP) and E. A. Fairbairn Water Treatment Plant (EAFWTP). The SRWTP and EAFWTP were constructed in 1923 and 1964, respectively. Plant expansions at both facilities were completed in 2005; however, much of the existing infrastructure was not rehabilitated or replaced as part of the 2005 project. Construction of the Water Treatment Plants Rehabilitation project, performed by C. Overaa & Co., began in 2013 and was completed in December 2016.

B. Once complete, plant operators and supervisors identified outstanding issues not accomplished as part of the Water Treatment Plants Rehabilitation Project. Staff requested items removed from the project scope and addressed through a separate construction contract. The miscellaneous improvements, constructed in 2018/19, left out several improvements due to the site conditions required to complete the work. The site conditions included reduced groundwater levels caused by high river levels, as well as plant operations shutdown periods that allowed for limited access to construction areas.

C. Due to urgent existing structural issues of the grit basin at E. A. Fairbairn Treatment Plant, a Change Order No. 1 to City Agreement 2019-1570 with TNT Industrial Contractors, Inc. is needed to address the concerns while the facility is scheduled to be down for maintenance.

D. A budget augmentation of $90,000 is required to provide sufficient funds to the Treatment Plant Rehab Design (Z14006000) for the Sacramento River Treatment Plants Rehabilitation Project, Phase 2 Improvements.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESolves as follows:

Section 1. The City Manager or the City Manager’s designee is authorized to execute Change Order No. 1 to City Agreement No. 2019-1570 with TNT Industrial Contractors, Inc. for the Sacramento Water Treatment Plants Rehabilitation Project Phase 2 Improvements for an amount not-to-exceed $167,352, bringing the agreement’s total not-to-exceed amount to $1,469,090.
Section 2. The City Manager or the City Manager’s designee’s administrative authority to issue Change Orders for the Agreement No. 2019-1570 is reset.

Section 3. The City Manager or the City Manager’s designee is authorized to transfer $90,000 from the Base CIP Contingency - Water (Z14000700 fund 6005) to the Treatment Plant Rehab Design (Z14006000 fund 6005).

Adopted by the City of Sacramento City Council on March 10, 2020, by the following vote:

Ayes: 

Noes: 

Abstain: 

Absent: 

Attest:

The presence of an electronic signature certifies that the foregoing is a true and correct copy as approved by the Sacramento City Council.