



Legislation Text

File #: 17-084, **Version:** 1

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SUBJECT: Consider Increasing the Construction Contingency Percentage for the Waste Water Treatment Plant Headworks Corrosion Control Project 116018

REPORT IN BRIEF

Authorizes approval to increase the construction contingency from 10% to 15% of the original construction contract award amount, for a total of up to \$13,557.85 of additional work.

RECOMMENDATION

City Council - Adopt a motion increasing the contingency up to 15% for the Waste Water Treatment Plant (WWTP) Headworks Corrosion Control Project 116018; and, authorizing the City Manager or Assistant City Manager to sign the necessary documents.

ALTERNATIVES

1. Approve, as recommended by staff; or,
2. Approve, subject to conditions other than recommended by staff (identify specific findings and/or conditions amended to be addressed in the motion); or,
3. Deny; or,
4. Refer to staff for reconsideration of specific items (specific items to be addressed in the motion); or,
5. Continue to a future meeting (date and time to be specified in the motion).

AUTHORITY

Charter of the City of Merced, Article XI, Section 1109 - Contracts on Public Works, and Merced Municipal Code Chapter 3.04, Article IV - Public Works Contracts.

CITY COUNCIL PRIORITIES

As provided for in the Fiscal Year 2016-17 Adopted Budget.

DISCUSSION

The construction work consists, in general, of the installation of an odor control system, including concrete pad, structural supports for ductwork, all the required electrical work, including the connection of all drains and water supply lines. All work is being performed at the Merced Waste Water Treatment Plant within the City of Merced.

On June 20, 2016, the City Council awarded the project to the lowest bidder, Richard Townsend Construction, in the amount of \$90,385.65. At that time, the following Construction Budget was approved:

Construction	\$ 90,385.65
Contingency (10%)	\$ 9,038.50
Construction Engineering, Testing, Inspection	\$ 36,598.25
Equipment	\$ 144,569.60
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Total	\$ 280,592.00

At the June 20, 2016, meeting, Council authorized the City Manager to approve change orders for up to 10% of the total contract.

Construction began in November 2016. A number of unexpected conditions have been encountered during construction. This report is intended to alert the City Council in advance that there may be necessary work beyond the 10% allotted contingency. Approval of this proposed increase in the contingency amount will allow the construction to proceed uninterrupted.

A change order in the amount of \$8,502.22 has already been generated which brings the contingency to 9% with 60% of the work completed. This change order included the extension of bid quantities for an increased concrete slab area with the associated aggregate base. The extension of the concrete slab was required to provide more room for the equipment and enhance the City's long-term operations and maintenance. In addition, there exists the potential for additional contract change orders. For example, there may be additional work for conduit fittings that do not match with the existing electrical layout.

Staff is requesting that the City Council approve the contingency increase up to 15%, which equates to \$13,557.85, so that the construction can be allowed to continue without delay. The revised proposed budget would be as follows:

Construction	\$ 90,385.65
Contingency (15%)	\$ 13,557.85
Construction Engineering, Testing, Inspection	\$ 32,078.90
Equipment	\$ 144,569.60
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Total	\$ 280,592.00

IMPACT ON CITY RESOURCES

This project was established as a Capital Improvement Project and the account 553-1108-637.65-00-116018 contains sufficient funding to complete the project.