



STAFF REPORT

MEETING DATE: May 22, 2024

PRESENTER: Jesus A. Gonzalez, City Engineer

SUBJECT: Approval of Contract Change Order No. 1 for the Well 33 Pilot Hole Project (JG)

RECOMMENDATION: Council by motion adopt the resolution:

1. Approving contract change order no. 1 for the Well 33 Pilot Hole Project to South Valley Companies Inc. in the amount of \$225,000 and;
2. Authorizing an additional construction contingency in the amount of \$38,700.00 (10% of original construction contract) and;
3. Authorizing the City Manager to sign the change order and subsequent change orders, up to the additional contingency amount, on behalf of the City.

EXECUTIVE SUMMARY:

On August 06, 2021, the State Water Resources Control Board Division of Drinking Water (DDW) issued the City a compliance order for exceeding the 1,2,3-TCP Maximum Contaminant Level (MCL) at Well 12. Subsequently on August 25, 2022, the DDW issued the City a compliance order for exceeding the Uranium MCL at Well 12. The second order caused the City to re-evaluate improvements to Well 12 with a decision ultimately made for its replacement with Well 33 on the northside of Kearney Boulevard at its intersection with Kenneth Avenue.

On February 14, 2024, following a public bids procurement process, the Well 33 Pilot Hole Project (Project) was awarded by City Council to South Valley Companies Inc. The Project is the first step in the well's development process, consisting of a hydrogeological investigation including well drilling and water testing activities, to a depth of 950 feet, for assessing water quality and production capacity at the proposed Well 13 site.

On February 26, 2024, a construction Notice to Proceed was issued to South Valley Companies Inc. Results from the water sampling activities indicated the presence of Hexavalent Chromium in excess of recent State established MCL levels. Hexavalent Chromium being an expensive contaminant to mitigate, as a result of continuous off-hauling operational costs, there is now a need to perform hydrogeological investigations at a depth of 1,200 feet. Based on other City wells testing results, it is anticipated that the groundwater at the deeper elevation will be less than the established MCL for Hexavalent Chromium.

The additional cost for the hydrogeological investigation to a depth of 1,200, inclusive of contractor re-mobilization, drilling, water sampling, and pilot hole abandoning is in the amount of \$225,000.

FISCAL IMPACT:

The funding to cover the necessary cost will be through the proceeds received from litigation against the Dow Chemical Co, et al. There are sufficient accounts funds in the FY 23/24 Budget to cover the expense. If the Project does not move forward at this time, the City will be unable to meet the hydrogeological investigation timeline approved by the DDW for replacing Well 12. Additionally, DDW could impose administrative penalties including a drastic revocation of water permit.

ATTACHMENTS:

- A. Resolution
- B. Change Order No. 1