



STAFF REPORT

MEETING DATE: June 12, 2024

PRESENTER: Jesus A. Gonzalez, City Engineer

SUBJECT: Approval of Contract Change Order No. 3 for the Lions Park Recharge Project (JG)

RECOMMENDATION: Council by motion adopt the resolution:

1. Approving contract change order no. 3 for the Lions Park Recharge Project to DG Construction Inc. in the amount of \$50,444.18 and;
2. Authorizing an additional construction contingency in the amount of \$11,100.00 (5% 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:

In 2014, the State of California passed the Sustainable Groundwater Management Act (SGMA) requiring local agencies' groundwater consumption not exceed water quantities put back into the underground aquifer (recharge). In 2022, the City entered into an agreement with the Fresno Irrigation District (FID) to receive an annual allocation of surface water for increasing its groundwater recharge efforts to help meet SGMA requirements.

On September 13, 2023, following a competitive bid process, DG Construction Inc. was awarded a construction contract in the amount of \$222,770.00 for improvements enabling water allocations to be released into the Lions Park drainage basin, where it will percolate into the ground thereby recharging the underground aquifer.

On December 11, 2023, a construction Notice to Proceed was issued to DG Construction Inc. Soon after start of construction activities, extra work was identified requiring a January 24, 2024 City Council approval of contract change order (CCO) no. 1, in the amount of \$128,521.62. The extra work resulted from 1) deficient existing pipe conditions requiring the installation of a new segment of pipe along a new alignment and 2) a larger than anticipated gate valve requiring replacement.

On May 1, 2024, CCO no. 2, in the amount of \$4,175.54, was issued to DG Construction Inc. for extra work resulting from a FID required revision for relocation of power conduits to its equipment. CCO no. 2 was paid using the \$22,200.00 contingency funds allocated during the

City Council approval of CCO no. 1. The remaining contingency amount following payment of CCO no. 1 was in the amount of \$18,024.46.

CCO no. 3, in the amount of \$50,444.18, is now necessary to compensate DG Construction Inc. for extra work resulting from additional unforeseen conditions consisting of 1) additional excavation to locate existing storm drain infrastructure 2) removal of unforeseen buried concrete and a heavily reinforced collar related to the CCO no. 1 re-alignment and 3) the shifting of the proposed vault due to a PG&E concrete encasement conflict also related to the CCO No. 1 re-alignment. The work has been completed as it started under the \$22,200.00 available contingency balance. Upon accumulation of extra work and exceedance of the contingency balance it was not practical to bring the work to a stop for obtaining additional contingency approval prior to its completion.

City Council approval is requested as CCO no. 3 exceeds the remaining contingency balance of \$18,024.46.

FISCAL IMPACT:

The total estimated Project cost is \$521,100.00, including design, construction management, inspection, CCO nos. 1 through 3 and the additional \$11,100.00 contingency request. The City has received a Proposition 1 Grant from the California Department of Water Resources in the amount of \$207,515.00 for the Project. The construction contract award to DG Construction Inc. approved the original \$118,985.00, in excess of Grant award, to be funded from the Water Operations Reserves. Staff recommends the \$32,419.72, above and beyond the remaining contingency remaining balance of \$18,024.46 and additional \$11,100.00 contingency request be further funded from Water Operations Reserves, or another source upon Council's direction, bringing the total excess costs to \$311,585.00.

ATTACHMENTS:

- A. Resolution
- B. Change Order No. 3