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October 5, 2026

TO: Rio Dell City Council

FROM: Kyle Knopp, City Manager

SUBJECT: **Painter Street Tank Earthquake Damage Repair Project — Award of Construction Contract to Wahlund Construction, Inc. in the Amount of \$2,159,925.00, and Approval of Amendment No. 1 to the GHD Inc. Agreement for Construction Support Services in the Amount of \$175,899**

IT IS RECOMMENDED THAT THE CITY COUNCIL:

That the City Council, by a single motion:

1. Award the construction contract for the Painter Street Tank Earthquake Damage Repair Project to Wahlund Construction, Inc., the lowest responsive and responsible bidder, in the amount of \$2,159,925.00, and authorize the City Manager to execute the Notice of Award;
2. Authorize the City Manager to execute the construction contract with Wahlund Construction, Inc. upon receipt and approval of the required bonds and insurance, and to take such other actions as may be necessary to implement the project;
3. Authorize the City Manager to approve construction change orders within a project contingency of up to 10% of the contract amount (\$215,992.50), for unforeseen conditions within the approved Cal OES scope; and
4. Authorize the City Manager to execute Amendment No. 1 to the Professional Services Agreement with GHD Inc. for construction management and support services, increasing the agreement by \$175,899 to a revised total not to exceed \$440,050, and extending the term through December 30, 2027.

Or,

- Reject all bids and direct staff to re-advertise. This is not recommended: the bids were competitive, re-bidding would delay replacement of damaged critical water storage, and there is no assurance that new bids would be lower.
- Provide other direction to staff.

BACKGROUND AND DISCUSSION

The December 20, 2022 earthquake and the January 1, 2023 aftershock caused significant damage to the City's 250,000-gallon Painter Street water storage tank, including "elephant's foot" buckling of the tank shell near its base and damage to the associated site piping. Engineering evaluations determined that the tank could not be cost-effectively repaired and that full replacement of the tank and associated infrastructure was the recommended approach.

The project is funded through the California Governor's Office of Emergency Services (Cal OES) under the California Disaster Assistance Act (CDAA), which reimburses 75% of eligible project costs based on actual costs incurred. After the project is closed out under CDAA, the City is potentially eligible for a 100% reimbursement of the project cost due to our compliance with AB 2140.

On June 24, 2025, the City entered into an agreement with GHD Inc. for project management, engineering design, environmental evaluation, and bid-phase services in the amount of \$264,151. Construction support services were intentionally excluded from that agreement so that design and bidding could be completed first and construction-phase services could be scoped against the final design.

The project was advertised for bids on July 2, 2026. Four bids were received and opened electronically by GHD on August 11, 2026, at 2:00 p.m.

DISCUSSION

Bid Results

The bids received are summarized below, ranked from lowest to highest. The Total Base Bid was the basis for determining the low bid.

Bidder	Total Base Bid	Over Low Bid	% Over Low
Wahlund Construction, Inc.	\$2,159,925.00	—	—
GR Sundberg, Inc.	\$2,261,500.00	\$101,575.00	4.7%
Mercer-Fraser Company	\$2,520,500.00	\$360,575.00	16.7%
McCullough Construction, Inc.	\$2,771,392.74	\$611,467.74	28.3%

The largest single component of the work is the new 250,000-gallon glass-fused-to-steel water tank, bid by Wahlund at \$1,106,400, followed by the tank foundation and earthwork (\$422,725) and yard piping (\$289,500). The low bid falls within a reasonably tight competitive range, with the second-low bid only 4.7% higher.

Bid Evaluation

Award is required to be made to the lowest responsive and responsible bidder. GHD reviewed the Wahlund Construction, Inc. bid and reports the following:

- **Responsive:** All required bid forms were complete, and no irregularities were identified that would give the bidder a material advantage over other bidders.
- **Responsible:** Wahlund Construction, Inc. and its listed subcontractors hold active licenses with the Contractors State License Board and active registrations with the Department of Industrial Relations. GHD checked references and verified that the firm is not currently debarred from public bidding.

Based on this review, GHD recommends award to Wahlund Construction, Inc. (Attachment 1). Staff concurs with that recommendation.

Award and Contracting Process

Upon Council action, the City will issue the Notice of Award (Attachment 2). Wahlund will then have ten (10) calendar days from receipt of the Notice to execute the agreement and furnish the required bonds and certificates of insurance. If the contractor fails to do so, the City may treat the award as abandoned and claim the bid bond. Following review of the bonds and insurance, GHD will prepare the contract documents and Notice to Proceed for City execution. GHD reports that Wahlund has already submitted the tank submittal for review, which will help keep the tank fabrication timeline moving.

Project Contingency

GHD recommends a project contingency of 10% of the construction contract, or \$215,992.50, to address unforeseen site conditions within the original design and the approved Cal OES scope. Staff recommends that Council authorize the City Manager to approve change orders within this contingency so that field issues can be resolved without delaying construction. Any change orders exceeding the contingency would return to Council.

GHD Amendment No. 1 — Construction Support Services

Amendment No. 1 (Attachment 3) adds a new Task 5, Construction Management Services, covering:

- **Pre-construction assistance:** review of the contractor's schedule, traffic control plan, and cost breakdown, and running the pre-construction meeting.
- **Construction management:** review of monthly pay requests, submittals, RFIs, and change orders; schedule monitoring; weekly progress meetings; and coordination with neighboring residents and businesses.
- **Periodic on-site observation:** part-time construction observation, photo-documented reports, red-line plans, erosion control review, and materials compliance.
- **Project closeout:** final walkthrough and punch list, recording the Notice of Completion, record drawings, and delivery of the complete project file to the City.

The amendment also adjusts the existing tasks to reflect final costs. Design was completed under budget, and that savings partially offsets the new construction-phase work. The \$175,899 figure is therefore a net increase:

Task	Original	Amendment 1	Revised
1 – Project Management & Coordination	\$14,259	\$10,000	\$24,259
2 – Engineering Design & Bid Package	\$234,962	(\$41,507)	\$193,455
3 – Environmental Evaluation	\$7,911	\$0	\$7,911
4 – Bid Period Services	\$7,019	\$8,000	\$15,019
5.1 – Pre-Construction Activities	\$0	\$8,734	\$8,734
5.2 – Office Construction Management	\$0	\$84,292	\$84,292
5.3 – On-Site Construction Management	\$0	\$90,156	\$90,156
5.4 – Project Closeout	\$0	\$16,224	\$16,224
Total	\$264,151	\$175,899	\$440,050

New construction management work under Task 5 totals \$199,406. With the design reduction and the added project management and bid-period effort, the net change is \$175,899. The agreement term would be extended from September 30, 2026 to December 30, 2027. GHD's rates are those in the City's current master services agreement.

The amendment excludes materials testing, construction staking, easement coordination, and design changes after the 100% design submittal. Construction staking is included in the construction contract (Bid Item 2, \$30,000). Materials testing and special inspection are not covered by either agreement and may need to be procured separately if required by the project specifications.

Schedule

GHD anticipates construction will take approximately 52 weeks from the start of work, including time for tank fabrication and material lead times. Completion is expected in late 2027.

BUDGETARY IMPACT

The total authorization requested is summarized below. CDAA reimburses 75% of eligible costs; the remaining 25% is the City's local share.

Component	Amount	CDAA (75%)	Local (25%)
Construction Contract – Wahlund	\$2,159,925.00	\$1,619,943.75	\$539,981.25
Project Contingency (10%)	\$215,992.50	\$161,994.38	\$53,998.12
GHD Amendment No. 1 (net)	\$175,899.00	\$131,924.25	\$43,974.75
Total	\$2,551,816.50	\$1,913,862.38	\$637,954.12

The CDAA split assumes all costs are eligible; the contingency figures assume the full contingency is used. CDAA pays based on actual costs, so the City will pay the contractor and GHD first and then seek reimbursement from Cal OES. GHD's agreement provides that payment to GHD does not depend on the City receiving outside funds. GHD will update Cal OES on the bid results.

When the project is completed and closed out, the city will file a request with CalOES to receive full 100% reimbursement for the project, under AB 2140, in order to cover the 25% local share. This will need to occur sometime in 2028. This 100% coverage is not guaranteed and as such the local 25% cost share may end up being a local cost absorbed by the ratepayers via the water capital fund. However, staff believe that the City of Rio Dell via prior communication with CalOES staff, is highly likely to receive approval.

ATTACHMENTS

1. GHD Memorandum, Recommendation to Award, dated September 30, 2026, with Bid Tabulation
2. Notice of Award to Wahlund Construction, Inc.
3. GHD Amendment/Change Form No. 1 with Exhibit A, Scope of Services for Construction Support
4. AB 2140 Compliance Letter

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