



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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### **REPORT TO COUNCIL**

#### **SUBJECT**

Authorize Amending an Existing Contract with Carollo Engineers, Inc. for Engineering Design and Construction Support and Approve Budget Modification No. 11 in the amount of \$996,782 (F20-058)

#### **REPORT IN BRIEF**

Approval is requested to amend an existing design and construction support contract with Carollo Engineers for the Water Pollution Control Plant (WPCP) Primary Treatment Facility Project - Package 2, increasing the contract value from \$14,156,938 to \$15,153,720 and approval of Budget Modification No. 11 in the amount of \$996,782 to provide additional project funding.

#### **EXISTING POLICY**

Pursuant to Chapter 2.08 of the Sunnyvale Municipal Code, contracts greater than \$100,000 require Council approval.

Pursuant to Sunnyvale Charter Section 1305, at any meeting after the adoption of the budget, the City Council may amend or supplement the budget by motion adopted by affirmative votes of at least four members so as to authorize the transfer of unused balances appropriated for one purpose to another, or to appropriate available revenue not included in the budget.

#### **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

#### **BACKGROUND AND DISCUSSION**

The City of Sunnyvale's (City's) Headworks and Primary Treatment Facility project (Package 2) at the Water Pollution Control Plant (WPCP) began construction in June 2017 and is expected to be completed by the end of December 2020. The project includes the construction of a new headworks, primary sedimentation tanks, and associated support facilities and is approximately 60% complete.

Carollo's original design contract did not include provisions for Engineering services during construction (ESDCs). ESDCs were negotiated between the City and Carollo in early 2017 and Council approved an amendment to Carollo's agreement to fund these engineering support services on May 23, 2017 (RTC No. 17-0447) concurrently with the approval of the construction contract award.

The 2017 amendment for ESDC's included limitations for number of reviews (RFI's clarifications and submittals) performed by Carollo. Project complexities encountered during construction, including structural concrete and electrical issues, have exacerbated the ESDC budget allocation. Many of these reviews are outside of the designer's control and are difficult to predict for very complex projects.

Expenditures for ESDCs totaled \$2,886,351 through the end of August 2019, which is 94% of the total current contract amount of \$3,083,283. Earlier this year, staff took preventative measures to extend the ESDC budget by shifting the responsibility for minor reviews of clarifications and RFI's to Psomas, the City's construction manager. However, this effort was not enough to extend the budget to cover through the remainder of construction.

An analysis of the engineering support work necessary through the estimated remaining duration of construction and startup was conducted by Carollo. Based on this analysis, there are three tasks that require the City's consideration for additional budget allocations. These tasks include Task 4.2.1 - Review Requests for Information, Task 4.2.2 - Review Submittals and Shop Drawings, and Task 4.2.3 - Project Management and Meetings. The remaining contract tasks either (1) have been completed, (2) are in the process of being completed, or (3) have not yet been started and are expected to meet assigned budgets.

Analysis of the engineering support work for the three tasks that require additional budget allocation is discussed in the following paragraphs. The results of the analysis form the basis for the additional scope of services described below.

#### **Task 4.2.1 - Requests for Information (RFIs) Status and Projection**

Under the original scope of work, Carollo budgeted for a total of 760 RFIs and design clarifications (DCs) over the duration of the entire project. Through the end of August 2019, a total of 701 RFIs, requests for clarification (RFCs), and DCs had been received or issued. In addition, Carollo assisted with several tasks at the request of the City and Construction Manager that were not directly tied to an RFI, RFC or DC number. These items included:

1. Assistance in coordination with PG&E until the Contractor was prepared to take on the work as specified in the construction contract. The intent was for Carollo to respond directly to PG&E's initial questions to streamline communications and eliminate project delays associated with developing and answering formal RFIs. Carollo continued to serve as the primary point of contact with PG&E for three months, at which time the types of information needed by PG&E transitioned to items covered in submittals and similar Contractor-produced documentation
2. Assistance with BAAQMD Authority to Construct (ATC) application to address equipment substitutions. A revised ATC was needed to accept an "or equal" substitution for the generator. The ATC originally obtained modeled emissions for the generator model specified in the contract; however, the "or equal" model allowed had slightly different emissions.

3. Work associated with the repair of faulty concrete work at the screening structure. Development of RFI responses and DCs for this work was substantially more complicated than for typical RFIs and DCs and required meetings with building department staff, addressing comments from the building department and Program Management Consultant (PMC), and multiple field inspections. The team has projected RFI's based on the current rate to determine additional budget required.

#### **Task 4.2.2 Review of Submittals and Shop Drawings**

Under the original scope of work, Carollo budgeted for 540 initial submittals assuming an average processing and review time of 8 hours per initial submittal and 135 resubmittals assuming an average processing and review time of 4 hours per shop drawing resubmittal. Through the end of August 2019, Carollo and Carollo's subconsultants had received 514 submittals and 301 resubmittals. The Contractor recently provided documentation to the CM and Carollo indicating that at the end of August, approximately 81% of their initial submittals had been issued for review. This completion metric was used to project the remaining project effort.

#### **Task 4.2.3 - Project Management and Meetings**

Under the original scope of work, Carollo budgeted for monthly attendance, in person, at 42 project meetings. Through the end of August 2019, Carollo staff had attended a total of 79 project meetings, 9 in person, and 70 by conference call, expending approximately 192 of the budgeted 252 hours.

Approximately 16 months remain prior to project completion. Sufficient budget remains for Carollo to attend approximately 10 more progress meetings at the site between September 2019 and December 2020.

However, an additional 120 hours is budgeted to allow Carollo staff to attend an additional 60 meetings via conference call (2 hours per meeting) through the completion of the project in December 2020. The City team believes continued attendance at every weekly progress meeting as well as periodic site visits will improve project communication and efficiency. Attendance at every progress meeting informs Carollo management staff of project priorities and allows Carollo to direct staff and subconsultant priorities more effectively.

#### **FISCAL IMPACT**

This fee table presents the Additional Scope of Services requested for the WPCP Package 2 ESDCs.

<b>Task</b>	<b>Description</b>	<b>Additional Budget</b>
Task 4.2.1 - Review Request for Information (RFIs)	Consultant will review RFIs and RFCs from the Contractor forwarded by the City's CM and will issue DCs where a need for clarification is identified by the City, CM or Consultant.	<b>\$502,554</b>
Task 4.2.2 - Review Submittals and Shop Drawings	Consultant will review submittals and shop drawings from the Contractor transmitted by the CM.	<b>\$466,034</b>

Task 4.2.3 - Project Management and Meetings	Consultant will provide project administration and management, attend specified meetings, and provide supplemental field observation during the construction period.	<b>\$28,194</b>
	Total Additional Cost	<b>\$996,782</b>

The original contract of \$14,156,938 with Carollo Engineers is funded by Project 824771-SCWP Primary Process Design and Construction. However, this project does not have available funding to cover the additional scope of services. Budget Modification No. 11 has been prepared to increase the project budget by \$996,782 to fund the amendment. This project is funded by the Wastewater Management Fund and the Clean Water State Revolving Fund (SRF) Loan. The additional scope for this contract amendment is eligible for the SRF loan.

### Budget Modification No. 11 FY 2019/20

	Current	Increase/ (Decrease)	Revised
<b>Wastewater Enterprise Fund</b>			
<u>Expenditures</u>			
Project 824771- SCWP Primary Process Design and Construction	\$122,185,617	\$996,782	\$123,182,399
<u>Reserves</u>			
Rate Stabilization Reserve	\$23,810,713	(\$996,782)	\$22,813,931

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

### **ALTERNATIVES**

1. Authorize the City Manager to execute an amendment to an existing contract with Carollo Engineers, in substantially the same format as Attachment 1, adding \$996,782 and increasing the not-to-exceed value from \$14,156,938 to \$15,153,720
2. Approve Budget Modification No. 11 in the amount of \$996,782 to provide additional project funding
3. Start a new procurement for a different firm to complete the construction services activities for the project
4. Take other action as determined by Council.

## **RECOMMENDATION**

Take the following actions:

- Alternative 1: Authorize the City Manager to execute an amendment to an existing contract with Carollo Engineers, in substantially the same format as Attachment 1, adding \$996,782 and increasing the not-to-exceed value from \$14,156,938 to \$15,153,720; and
- Alternative 2: Approve Budget Modification No. 11 in the amount of \$996,782 to provide additional project funding.

Staff recommends that Council approve Alternatives 1 and 2, which include the amendment to Carollo Engineer's contract and associated budget modification. Due to the limitations put on the original amendment for construction services and unforeseen circumstances encountered during construction, staff believes that this is the most streamlined option for completing the project. Alternatively, staff could separately procure another design firm to provide the remaining construction support services. This would cause a delay to the project (and subsequent projects in the Cleanwater Program) by approximately 9 months and would likely cost more than the amendment, as it would require a new firm to become familiar with a project for which they are not the Engineer of Record.

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Approved by: Kent Steffens, City Manager

## **ATTACHMENTS**

1. Draft Amendment to Consultant Services Agreement