



AGENCY: City Council
MEETING DATE: April 23, 2018
DEPARTMENT: Public Works
PRESENTED BY: Tom Varga
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AGENDA ITEM SUMMARY

TITLE:

Receive Report and Consider Adoption of a City Council Resolution Authorizing First Amendment to the Professional Services Agreement with 4LEAF, Inc. for Construction Management Services for the City's 1.5 MG New Water Tank Project, City Project No. 2017-18 (Amount of Increase Not to Exceed \$16,454 , Account No. 651-6003-0731)

ISSUE:

Due to unanticipated difficulties with construction of the City's 1.5 MG New Water Tank Project, construction management activities have exceeded the original contract amount and an amendment to the Professional Services Agreement (PSA) is being requested to provide construction management services through project completion.

ANALYSIS:

On December 14, 2015, Council reviewed potential projects that could be funded by the upcoming 2016 cycle of the Community Development Block Grant (CDBG) program. Preliminary direction from Council encouraged pursuing a Water Tank project as it could be funded from a program element that placed high value on public improvements mitigating the impacts of the current drought. This allowed for a water tank project where funding in the Capital Improvement Program (CIP) has not been previously found. The Notice of Funding Availability (NOFA) for this funding was released May 17, 2016. Council considered specific project recommendations at its meeting of June 13, 2016. The highest priority was to apply for up to \$1,500,000 to fund the Water Tank project. CDBG approved and awarded the tank project grant; authorization to use the funds was given May 12, 2017. To stay within the normal CDBG funding cycle (2016 to 2018), this required an accelerated schedule for the project to take advantage of the nearly \$1,400,000 in funding. Design took place from July through October 2017. Bids for the project were opened December 14, 2017. The Notice to Proceed for construction was issued to the General Contractor, Akeff Construction, on January 2, 2018. Construction mobilization occurred January 18, 2018. Estimated project completion is July, 2018.

A PSA (in the amount of \$99,753) with 4LEAF is for construction management services for the 1.5 Million Gallon (MG) New Water Tank Project. These services are essentially: construction surveying, inspection, materials testing, and administrative work. Administrative work includes: project record keeping, labor compliance, grant requirements, and construction coordination. Construction management services were contracted out to provide project support because staff was not available, and also to help with the specialized reporting required by the CDBG grant.

Progress on the construction management contract was consistent with construction work in the field through the month of February. The March invoice was expected to be small given the large number of weather days and minimal construction activity during March. A draft copy of the invoice was received April 4th showing a much larger than expected amount for March. Staff immediately started an in-depth review of this invoice. It showed an unusual amount of administrative work during March. A complete review of the work performed through March and remaining tasks reduced 4LEAF's original estimate of additional costs from \$37,000 to \$16,454. This review and discussions with 4LEAF were finished Friday, April 13th. By Monday, April 16th, administrative work

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was largely transferred to City staff (the project manager). This will reduce time available to other projects, but the short term effect is considered acceptable to reduce Water Tank project costs and stay on track for project completion. Inspection services will decline as the project enters the tank construction phase where monitoring of the work is an obligation between Akeff and their subcontractors. The final product is required to operate according to specification and is guaranteed by the General Contractor, Akeff. Additional savings were made by eliminating construction surveying. Materials testing is essentially done with the final two batches of required concrete tests; this produces more savings.

4LEAF has provided as justification for its additional administrative efforts a variety of issues not covered in the original scope of work. A project of this size typically has five to ten Requests for Information (RFIs) to clarify or interpret the plans and specifications. To date, seven have been received and processed. However, RFIs and submittals received from February through March required multiple reviews involving the tank foundation, the concrete design and reinforcing steel requirements. The tank subcontractor Aquastore did not have the parts on hand for the tank size as originally specified. What they had available would build a tank one foot taller. Either the project could have been delayed waiting for the specified tank pieces to be fabricated or the foundation design could be reviewed and adjusted as necessary to use the new tank size. Given the City's desire to stay within the CDBG grant timeline and the likely modest changes to the foundation, a review and tweaking of the foundation design was undertaken.

Then, an unexpected dispute between the steel subcontractor, Camblin Steel, and Aquastore, occurred. The taller tank that Aquastore could supply quickly was being reviewed for a modified foundation and/or changes in reinforcing steel. This resulted in submittals for materials approval (tank, concrete, steel) that took multiple and lengthy reviews to complete. 4LEAF assisted with resolving the matter as well as reviewing the foundation design, including the reinforcing steel. Finally, Camblin Steel was unfamiliar with the federal certification requirements (as required by the CDBG grant) of the American Iron and Steel Act. This also required additional effort on the parts of Akeff, staff, and 4LEAF. 4LEAF argues that these issues continued through the entire contract to date and increased the hours spent on the project, especially administrative hours/costs.

The amended PSA will still be a not to exceed amount that will now total, \$116,207. Inspection services will remain approximately the same, averaging two or three days for a typical week, but will be reduced to as little as nothing when there are no significant inspections to perform. When possible, inspections will be consolidated to one day. For minor or brief items, City staff will fill in. Whether it is inspection or administrative work, this will take staff away from other important priorities, but is appropriate to finish a \$1,459,000 project.

As already noted, administrative service will be largely picked up the City's project manager. This will include running project status meetings, maintaining/updating project records, and project coordination. 4LEAF will be available for difficult or unusual technical questions. With this year's wet winter, there have been an above average number of weather days when construction was not practical. The construction management contract should be extended through the month of July to ensure adequate time to see the project through to completion.

RECOMMENDED ACTION:

It is recommended that the City Council adopt the proposed Resolution authorizing the amendment to 4LEAF's construction management PSA increasing the contract amount, modifying the consultant's scope of work, and extending the time of completion.

ALTERNATIVE ACTION(S):

It is not practical to suspend work on the project to hire a new consultant as the CDBG procurement requirements are extensive and time consuming. Replacement of the administrative work has already been accomplished. Materials testing is essentially complete. Fully replacing inspection is impractical with the heavy, on-going maintenance and operations workload for the water system and the operators. It is not recommended.

FISCAL IMPACT:

Total project funding is \$1,862,302:

CDBG grant	\$1,395,349
Summers Lane Reservoir Cover, project savings	\$ 250,000
Water Enterprise funds	\$ 216,953

The total value of all contracts (design, construction management, and construction) is \$1,638,253. This leaves \$224,049 in unexpended funding at this time. The additional amount being requested for the construction management contract amendment of \$16,454 is adequately covered by unexpended funding.

CONSISTENCY:

The change in the PSA does not change any of the previous project consistency findings.

ATTACHMENTS:

1. Resolution
2. Amendment 1 to the 4LEAF Professional Services Agreement

NOTIFICATION:

Mr. Bert Gross, Vice President, 4LEAF, Inc, 8896 Winding Way, Fair Oaks, CA 95628