



OPERATIONS COMMITTEE

Agenda Report

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File #: 2025-4169

Agenda Date: 9/3/2025

Agenda Item No: 11.

FROM: Robert Thompson, General Manager
Originator: Mike Dorman, Director of Engineering

SUBJECT:

**COLLECTIONS YARD RELOCATION AND WAREHOUSE DEMOLITION AT PLANT NO. 2,
PROJECT NO. P2-127**

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

Approve a Final Change Order and a construction contingency increase of \$546,890 (8.4%) to finalize all costs for the existing Construction Contract with Archico Design Build, Inc., for Collections Yard Relocation and Warehouse Demolition at Plant No. 2, Project No. P2-127, for a total contingency amount of \$1,196,890 (18.4%).

BACKGROUND

Orange County Sanitation District (OC San) Project No. P2-127 constructed a new collections yard and two remote warehouse stations to replace the existing Plant No. 2 warehouse. The new facilities will support operations and maintenance of Plant No. 2, the collection system, and off-site pump stations.

Construction started in August 2023. Beneficial Occupancy of the new remote warehouses was achieved in September 2024, followed by the demolition of the existing Plant No. 2 warehouse and beneficial occupancy of the new collections yard in November 2024. Substantial project completion was achieved in February 2025, and final project completion was achieved in April 2025.

RELEVANT STANDARDS

- Ensure the public's money is wisely spent
- Commitment to safety & reducing risk in all operations

PROBLEM

During construction there were unknown utility conflicts which required design changes and clarifications. At the end of the project, safety and functionality design changes were also required to commission the new compressed natural gas fueling system.

The unknown conditions and design changes resulted in impacts to the Contractor. While some delays were mitigated during construction, others impacted the performance of work and extended the project duration. During construction, the Contractor provided several requests for changes with insufficient documentation.

During the course of construction and prior to final completion, the Orange County Sanitation District (OC San) found merit for an additional \$420,119 which was within the remaining approved contingency. OC San prepared a change order to process those agreed upon changes, but the Contractor requested to put all pending changes on hold until the remaining disputed items were resolved, which totaled \$997,027.

OC San and the Contractor engaged in several meetings to review additional Contractor-provided information and evaluate the merit and cost of the remaining disputed items. The meetings were conducted from April 2024 through August 2025. Upon completion of the meetings, it was determined that there was merit for \$374,881 in changes and \$200,000 due to time impacts.

OC San and the Contractor have reached a tentative agreement to resolve all outstanding issues and close the project, which amounts to \$574,881 for all remaining outstanding changes. This negotiated amount represents full and final compensation for all cost and time impacts on the project, requires a final change order of \$995,000 to close the project, and requires an increase to the construction contingency of \$546,890.

PROPOSED SOLUTION

Approve a Final Change Order and construction contingency increase to the construction contract.

TIMING CONCERNS

Final Completion was achieved in April 2025. Failure to execute the final change order in a timely basis may expose OC San to additional legal and staff costs.

RAMIFICATIONS OF NOT TAKING ACTION

If the final change order is not approved, the Contractor may seek legal action against OC San to obtain compensation for all requested and disputed items.

PRIOR COMMITTEE/BOARD ACTIONS

July 2023 - Awarded a Construction Contract to Archico Design Build, Inc., for Collections Yard Relocation and Warehouse Demolition at Plant No. 2, Project No. P2-127, for an amount not to exceed \$6,500,000; and approved a contingency of \$650,000 (10%).

ADDITIONAL INFORMATION

N/A

CEQA

The Project is included in the Facilities Master Plan 2020 Program Environmental Impact Report (PEIR), State Clearinghouse Number 2019070998.

FINANCIAL CONSIDERATIONS

This request complies with the authority levels of OC San's Purchasing Ordinance. This item has been budgeted (Budget Update FY 2025-26, Page A-8, Collections Yard Relocation and Warehouse Demolition at Plant No. 2, Project No. P2-127) and the budget is sufficient for the recommended action.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Presentation

AL:lb