



OPERATIONS COMMITTEE

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Agenda Report

File #: 2021-1855

Agenda Date: 10/6/2021

Agenda Item No: 6.

FROM: James D. Herberg, General Manager
Originator: Kathy Millea, Director of Engineering

SUBJECT:

NEWHOPE-PLACENTIA TRUNK REPLACEMENT, SEGMENT B, PROJECT NO. 2-72B

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

Approve a contingency increase of \$1,164,840 (2%) to the Construction Contract with Group OHL USA, Inc. for Newhope-Placentia Trunk Sewer Replacement, Project Nos. 2-72B and 2-72C, for a total construction contingency of \$6,989,040 (12%).

BACKGROUND

The upper reaches of the Newhope-Placentia Trunk Sewer carry flows from the cities of Brea, Fullerton, Placentia, and Anaheim to Plant No. 1 for reclamation. The Newhope-Placentia Trunk Replacement, Project No. 2-72, increases the capacity of the trunk sewer to satisfy current and future flows, allows abandonment under a subsequent project of the Yorba Linda Pump Station, and adds flexibility to the collections system to divert reclaimable flows to Plant No. 1.

In May 2018, a Construction Contract was awarded to Group OHL USA, Inc. for Newhope-Placentia Trunk Sewer Replacement, Project Nos. 2-72B and 2-72C. The contract replaces four miles of pipeline within sensitive areas along State College Boulevard, including Anaheim's Platinum Triangle, and business and residential areas. The work includes traffic control sequencing, deep excavations, multiple shifts, sewer bypassing, pipeline abandonment, four trenchless jack and bore crossings through major arterial streets and railroads, and sewer pipe crack repair work on the Rolling Hills Sub-Trunk. The pipeline work is complete with the paving and restoration work scheduled to be complete by the end of September. Only pavement striping and punch-list work will remain outstanding to be completed at the beginning of October. At the time of award, the work was scheduled to be complete in February 2021, however, due to construction delays, it is expected to be substantially complete in October 2021.

RELEVANT STANDARDS

- Ensure the public's money is wisely spent
- Maintain a proactive asset management program
- Achieve less than 2.1 sewer spills per 100 miles

PROBLEM

Unforeseen conditions encountered during construction have resulted in higher than expected contract changes. The approved Construction Contract contingency is not estimated to be sufficient to complete the project.

PROPOSED SOLUTION

Approve a contingency increase of \$1,164,840 (2%) to the Construction Contract for a total contingency of \$6,989,040 (12%). This increase will cover additional costs incurred during construction work and provide funds for additional construction-related risks.

TIMING CONCERNS

Additional contingency funds are required to resolve construction changes associated with completing the work. Physical work is 98% complete and staff is finalizing costs with the Contractor such that Substantial Completion can be achieved. Project closeout will require resolution of open change orders.

RAMIFICATIONS OF NOT TAKING ACTION

If the Contract contingency is not increased, the Orange County Sanitation District (OC San) will not be able to resolve construction changes with the Contractor, which would delay project closeout and could potentially increase business risk to OC San, as well as potentially stopping remaining punch list work, street restoration, and demobilization. The project will be delayed and impacts to the public roadway will be prolonged due to remaining construction work not being completed.

PRIOR COMMITTEE/BOARD ACTIONS

April 2021 - Approved a contingency increase of \$2,038,470 (3.5%) to the construction contract with Group OHL USA, Inc. for Newhope-Placentia Trunk Sewer Replacement, Project Nos. 2-72B and 2-72C for a total construction contingency of \$5,824,200 (10%).

May 2018 - Awarded a construction contract with Group OHL USA, Inc. for Newhope-Placentia Trunk Sewer Replacement, Contract Nos. 2-72B & 2-72C, for a total amount not to exceed \$58,242,000, and approved a contingency of \$3,785,730 (6.50%).

ADDITIONAL INFORMATION

In April 2021, staff presented an item to increase contingency on this project to complete the construction work and settle all known undisputed items. Over the last six months, there have been a significant number of contract changes in the last phase of construction. These were primarily due to unknown conditions impacting the City of Anaheim waterline relocations and lateral installations, including additional costs for sewer bypass pumping. Additionally, staff settled a disputed landscape restoration item, and granted a compensable time extension for unknown conditions to mitigate Contractor claims exposure. These items were not included as part of the contingency forecast presented to the Board of Directors in April 2021.

With the work nearly complete, this requested contingency increase will be sufficient to resolve the remaining known and undisputed construction changes, however staff is also continuing to participate in a formal dispute resolution process provided in the Public Contract Code to resolve the Contractor's change requests and claims that staff has not found to be justified. Depending on the outcome of this process, additional contingency may be needed in the future to settle disputes and claims.

CEQA

The project is included in the Addendum to the "1999 OCSD Strategic Plan" Program Environmental Impact Report, State Clearinghouse No. 2006101018.

FINANCIAL CONSIDERATIONS

This request complies with authority levels of OC San's Purchasing Ordinance. This item has been budgeted (Adopted Budget, Fiscal Years 2020-2021 and 2021-22, Section 8, Page 19, Newhope-Placentia Trunk Replacement, Project No. 2-72) and the budget is sufficient for the recommended action.

<u>Date of Approval</u>	<u>Contract Amount</u>	<u>Contingency</u>
04/21/2018	\$58,242,000	\$3,785,730 (6.5%)
04/28/2021		\$2,038,470 (3.5%)
10/27/2021		\$1,164,840 (2%)

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:DF:dm:gc