



# OPERATIONS COMMITTEE

Administration Building  
10844 Ellis Avenue  
Fountain Valley, CA 92708  
(714) 593-7433

## Agenda Report

---

**File #:** 2021-1591

**Agenda Date:** 4/28/2021

**Agenda Item No:** 10.

---

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

**SUBJECT:**

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

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION:

Approve 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%).

**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, will increase the capacity of the trunk sewer to satisfy current and future flows, allow abandonment under a subsequent project of Yorba Linda Pump Station, and add 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. At the time of award, the work was scheduled to be complete in February 2021, however, due to unknown conditions and sequencing delays it is expected to complete in the summer of 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 construction.

**PROPOSED SOLUTION**

Approve a contingency increase of \$2,038,470 (3.5%) to the construction contract for a total contingency of \$5,824,200 (10%). This increase will cover additional costs to complete the remaining construction work and provide funds for additional construction-related risks.

**TIMING CONCERNS**

Additional contingency funds are required to authorize construction changes to complete all remaining work without causing additional project delays. The work involves construction in public streets and there are safety risks associated with excavation, shoring, street restoration, and traffic control that require timely mitigation. Stopping the work could result in much higher costs resulting from the need to leave the work site in a safe condition for the public and to demobilize and remobilize the Contractor.

**RAMIFICATIONS OF NOT TAKING ACTION**

If the contract contingency is not increased, the Orange County Sanitation District (OC San) could potentially be required to direct the Contractor to stop remaining work, restore the streets to original condition, and demobilize. The project will be delayed and impacts to the public roadway will be prolonged due to remaining construction work not being completed. In addition, final connections required to reroute available flows to Plant No. 1 will not be reclaimed.

**PRIOR COMMITTEE/BOARD ACTIONS**

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**

Construction work is currently 90% complete and includes the majority of the four miles of open trench pipeline installation, most of the associated sewer lateral connection work, four trenchless jack and bore intersection crossings, and relocation of all City of Anaheim waterlines. It is anticipated that the remaining work, including remaining open trench pipeline installation, connection of all sewer laterals, final connection to the pipeline installed under Project No. 2-72A, sewer pipe crack spot repairs of the Rolling Hills Sub-Trunk, and all roadway asphalt and landscape restoration will be completed in the summer of 2021.

There have been a significant number of contract changes during construction, primarily due to unknown conditions, resulting in additional costs and delays. Work within the Platinum Triangle Area was expected to be completed before the 2019 baseball season; however, numerous unknown utilities and associated traffic control resequencing required a second mobilization to the Platinum Triangle Area in 2020 to complete the work. The pipeline installation work was also impacted by deep excavations, working around known and unknown utilities, which also impacted lateral construction, and resulted in trenching and shoring challenges. Lastly, unknown existing roadway conditions have also resulted in the need to restore larger sections of pavement than originally anticipated.

The current authorized contingency is insufficient to fund forecasted costs based on an analysis of the known and anticipated changes. Additional contingency is requested for changes currently known and for future risks related to the remaining work on the contract, including roadway and landscaping restoration, changed and unknown conditions, anticipated remaining risks to complete all remaining construction work, and modifications to sequencing and traffic control to reduce the impact on the surrounding community. The Contractor and OC San are working cooperatively to resolve change orders and to mitigate impacts as they are identified.

While this requested contingency increase will be sufficient to complete the remaining construction work, Staff is evaluating the need for an additional future contingency request to resolve disputed Contractor change requests which are not included in this item. These disputed Contractor requests are not supported by OC San at this time with the information provided and these are moving through the dispute resolution process. Currently, OC San and the Contractor have been conducting ongoing dispute resolution meetings to evaluate and mitigate potential claims. Depending on the outcome of this process, an additional contingency request may be needed to settle these disputes and/or mitigate potential claims for impacts and associated legal costs.

**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%)

**ATTACHMENT**

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

- Presentation

AL:dm