



Agenda Report

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SUBJECT:

HEADQUARTERS COMPLEX AT PLANT NO. 1, PROJECT NO. P1-128

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Approve a project budget increase of \$1,500,000 for Headquarters Complex at Plant No. 1, Project No. P1-128 for a new total project budget of \$171,000,000; and
- B. Approve a contingency increase of \$1,538,175 (1.5%) to the existing construction contract with Swinerton Builders for Headquarters Complex at Plant No. 1, Project No. P1-128A, for a total contingency of \$6,665,424 (6.5%).

BACKGROUND

The Orange County Sanitation District (OC San) is constructing a new Headquarters Building under Project No. P1-128A. The new Headquarters Building will house administrative, technical, and engineering staff. Construction started in July 2021 and is scheduled for completion in mid-2024. The construction is approximately 98% complete.

RELEVANT STANDARDS

- Ensure the public's money is wisely spent
- Provide a safe and collegial workspace

PROBLEM

As construction nears completion, the projected cost of change orders to the construction contract is nearing the Board approved contingency amount. The changes to date have largely been related to design changes, unknown conditions, utility conflicts, and compliance with outside agency requirements that were not anticipated.

Examples of these large changes that were not anticipated include: (1) waterline conflicts during the installation of a new storm drain along Ellis Avenue; (2) implementation of a distributed antenna system which is required by police and the fire department; (3) change to night work by the City of Fountain Valley for all work along Ellis Avenue due to conflicts with the on-going nearby 405 freeway

Caltrans/OCTA construction project; and (4) structural framing support changes that were omitted in the design throughout the building to support all 252 active chill beam perforated metal panels.

The current authorized contingency is insufficient to commence negotiations with the Contractor for all remaining requested changes by the Contractor and resolution of disputed items prior to final closure of the project. This requested contingency increase will provide authority to Staff to reach final resolution of all outstanding issues and allow closure of the project.

PROPOSED SOLUTION

Approve a project budget increase of \$1,500,000 for a new total project budget of \$171,000,000 and approve a contingency increase of \$1,538,175 (1.5%) to the construction contract for a total contingency of \$6,665,424 (6.5%).

TIMING CONCERNS

Additional contingency funds are required to approve any current and future construction changes without causing project delays and proceed with negotiations to resolve disputed construction changes.

RAMIFICATIONS OF NOT TAKING ACTION

If the project budget and contract contingency is not increased the project will not have sufficient funds to commence and complete negotiations with the Contractor for resolution of all outstanding requested changes and disputed items. The Contractor may seek legal action against OC San to obtain compensation for all requested and disputed items.

PRIOR COMMITTEE/BOARD ACTIONS

May 2021 - Awarded a Construction Contract to Swinerton Builders for Headquarters Complex at Plant No. 1, Project No. P1-128A, for an amount not to exceed \$102,544,974; and approved a contingency of \$5,127,249 (5%).

ADDITIONAL INFORMATION

N/A

CEQA

The project is included in the Addendum to the City of Fountain Valley "Fountain Valley Crossings Specific Plan" Program Environmental Impact Report, State Clearinghouse No. 2015101042.

FINANCIAL CONSIDERATIONS

This request complies with the authority levels of OC San's Purchasing Ordinance. This item has been budgeted (Budget Update, Fiscal Year 2023-2024, Appendix A, Page 8, Headquarters Complex, Project No. P1-128). This item will increase the project budget and will be funded from the CIP budget.

ATTACHMENT

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

- Presentation

AB:lb