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**DATE:** May 27, 2008

**TO:** Mayor and City Council

**FROM:** Director of Public Works

**SUBJECT:** Emergency Water System Intertie Project: Authorization for the City Manager to Execute an Amendment to the Professional Services Agreement with Carollo Engineers

**RECOMMENDATION**

That Council adopts the attached resolution authorizing an amendment for an additional \$60,000 to the agreement with Carollo Engineers for the Emergency Water System Intertie Project.

**BACKGROUND**

In September 2002, a feasibility study was initiated for a regional water system Intertie in Hayward, between East Bay Municipal Utility District (EBMUD) and San Francisco Public Utilities Commission (SFPUC). The study evaluated the viability of conveying potable water between the EBMUD and SFPUC systems using existing and proposed facilities in Hayward in the event that a serious disruption in water supply capacity occurs. The study determined that the project was feasible and recommended construction of an intertie pump station with approximately 1.5 miles of pipeline to connect the two water systems in the City.

The intertie project facilities are located primarily in Hayward. The pump station (Skywest Pump Station) has been constructed on an unoccupied parcel located at the southwest corner of Skywest Drive and Hesperian Boulevard on Hayward Executive Airport property. An 8,000-foot pipeline was constructed connecting the Skywest Pump Station, EBMUD, and SFPUC systems, and is located along Golf Course Road, Skywest Drive, and along Hesperian Boulevard on the Airport property. It ends at the southwest corner of West Winton Avenue and Hesperian Boulevard in the parking lot area of Toys-R-Us. Because most of the facilities needed for the project are located in Hayward, the City was the lead agency on environmental review, design, and construction. The project has been completed and has effectively been accepted by the three agencies. Staff is currently working on closeout issues with the contractor that may eventually have a cost impact to the project.

On April 8, 2003, Council approved the project; approved appropriation of \$25,000 of the City's \$125,000 contribution to the project from the Water System Capital Improvement Fund for project management and administration by City staff; and authorized the City Manager to execute an agreement with Carollo Engineers for professional design and construction services. The agreement contained a not-to-exceed limit of \$1,100,000 for design and construction administration services, which included \$50,000 for the design of modifications to the Hesperian Pump Station.

On July 6, 2004, Council authorized the City Manager to execute an amendment to the agreement with Carollo Engineers for additional design services requested by EBMUD and SFPUC. The amendment added \$375,000 for the authorized additional services increasing the total not-to-exceed amount to \$1,475,000.

On December 21, 2004, Council awarded the construction contract to Mitchell Engineering in the amount of \$13,173,235 and authorized the City Manager to execute an amendment to the agreement with Carollo Engineers for an additional \$90,000 for construction project administrative services. This increased the total not-to-exceed amount to \$1,565,000.

On September 19, 2006, Council authorized the City Manager to execute an amendment to the agreement with Carollo Engineers for additional construction project administration services identified during construction. The amendment added \$65,000 for the authorized additional services increasing the total not-to-exceed contract amount to \$1,630,000.

## **DISCUSSION**

During construction, two additional items of work by Carollo became necessary: (1) An expansion joint failed and water flooded most of the pump station during initial testing of the pump station. Staff requested that Carollo assist in investigating the cause of the failure and prepare a report of its findings and recommendations. This work included preparing for and attending several meetings with City staff, the Contractor, and the manufacturer; reviewing project documents, submittals, and test reports; and witnessing the reinstallation and testing of all the expansion joints. With Carollo's assistance, staff concluded the construction Contractor was totally responsible for the joint failure but the Contractor is still disputing this determination. (2) The number of shop drawing reviews, Request-for-Information (RFI) responses, project meetings, and related services exceeded previous estimates. These services were needed due to the complexity of the project and the Contractor exceeding the required project completion date by 284 calendar days.

Carollo Engineers has requested an additional \$60,000 to cover the extra work described above. City staff concurs that the requested amount accurately represents the level of effort and work required of Carollo for the extra services.

SFPUC and EBMUD have agreed to fund the additional construction administration services needed by Carollo Engineers. Therefore, staff requests an increase of \$60,000 in additional construction administration services. If this amount is approved, the entire contract with Carollo Engineers will be \$1,690,000 (\$1,640,000 not including the \$50,000 for the design of upgrades to

the Hesperian Pump Station). This action will not result in an increase in cost of this project to the City, as the funds will be repaid by SFPUC and EBMUD.

Several other unanticipated expenses increased overall project costs but are covered by the approved project budget in the FY 08 CIP:

- On December 7, 2006, during flushing of a 42” water main, several businesses on Arden Road experienced flood damage from back-up of wastewater into their sanitary sewer service lines. Discharge water from the flushing operations had been directed, as planned, into a sanitary sewer force main in an easement that runs parallel to Arden Road. Unexpectedly, some wastewater from the flushing operations backed up into the businesses. Instead of being connected to the sanitary sewer gravity main in Arden Road, the businesses were connected to the sanitary sewer force main through undocumented sewer service connections. Staff budgeted \$300,000 to cover this incurred liability. The final cost to the project for repair of damages and settlements is \$295,731.
- During the course of the project, the City needed to purchase water (at retail cost) from ACWD and/or EBMUD to make up for supply shortage while the 42” water transmission main connecting to SFPUC was shut down for project-related improvements. Staff budgeted \$235,000 to cover this cost and the final cost to the project for this water is \$205,702.
- Due to the complexity of the project and the Contractor exceeding the required project completion date by 284 calendar days, staff increased the Inspection and Construction Management budget by \$53,000 to \$600,000, and the PG&E and Other Services budget by \$133,000 to \$500,000.

The City negotiated with SFPUC and EBMUD on how to address the cost of the flooding damages and settlements. SFPUC and EBMUD originally proposed sharing the cost equally among the three agencies, or \$98,577 each. However, the parties have since agreed to reduce the City’s share to 1/6<sup>th</sup> or \$49,288.

Additionally, both SFPUC and EBMUD have agreed to fund the additional costs for water used, for Inspection and Construction Management, and for PG&E and Other Services.

**FISCAL IMPACT**

Project Budget vs. Estimated Cost:

	Current Budget	Estimated Cost
Project Management and Administration (funded by City)	\$ 175,000	\$ 125,000
Damages & Settlements due to flooding (City’s 1/6 <sup>th</sup> share)	0	49,288
<b>Total (funded by City):</b>	<b>\$ 175,000</b>	<b>\$ 174,288</b>

	Current Budget	Estimated Cost
Professional Design and Construction Services (Carollo)*	\$ 1,580,000	\$ 1,640,000
Construction Cost (Mitchell Engineering)	13,173,235	13,173,235
Inspection and Construction Management (provided by City)	600,000	560,000
PG&E and Other Services	500,000	467,000
Water during shut down of 42" main	235,000	205,702
Damages & Settlements due to flooding (remaining 5/6 <sup>ths</sup> share)	300,000	246,442
Contingency	38,765	
<b>Total (funded by SFPUC and EBMUD):</b>	<b>\$16,427,000</b>	<b>\$16,292,379</b>

\* Includes the \$60,000 contract increase but does not include \$50,000 for the design of upgrades to the Hesperian Pump Station charged to that project.

A total of \$16,436,224 in funds has been deposited by EBMUD and SFPUC for the Regional Water Intertie Facilities Project in the Regional Water Intertie Fund of the City's Capital Improvement Program (CIP). Of this amount, a total of \$15,607,009 was available for the Intertie project, itself. In addition, \$29,989 was used for the Intertie Feasibility Study; \$15,552 was used for the Intertie Environmental Documentation; and \$836,991 was used for project related upgrades to the Hesperian Booster Pump Station. Because of the advance timing of deposits, these funds have earned \$87,017 in interest for a total of \$15,694,025 available for the project. SFPUC and EBMUD have agreed to provide the additional funds needed to complete the project, which is presently \$598,354 but may be affected by items still in dispute with the construction Contractor. In any case, all costs will be funded by SFPUC and EBMUD. At this point, no additional project appropriation is required because the FY 08 CIP included \$16,427,000 for this project.

EBMUD has secured a \$2,550,000 grant under Proposition 50 (the Safe Drinking Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002). Per the "Second Amendment to Joint Exercise of Powers Agreement Between City and County of San Francisco Public Utilities Commission, East Bay Municipal Utility District and City Of Hayward, to Pursue the Design Services and Construction for an Emergency/Maintenance Water System Intertie Project" dated November 2006, EBMUD will be reimbursing Hayward for 50% of its Project Management and Administration costs. With the City's estimated cost of \$125,000, this would amount to a reimbursement of \$62,500 and would reduce the City's overall contribution to the project by the same amount.

## SCHEDULE

The following is an updated project schedule for this project:

Award Construction Contract	December 21, 2004
Begin Construction	January 2005
Required Construction Completion Date	November 26, 2006
Substantial Construction Completion Date	September 7, 2007
Project Acceptance	February, 2008
Completion of Landscape Maintenance Period	July, 2008

Prepared by:



Alex Ameri, Deputy Director of Public Works

Recommended by:



Robert A. Bauman, Director of Public Works

Approved by:



Gregory F. Jones, City Manager

Attachments: Draft Resolutions

**DRAFT**

NH  
5/17/08

HAYWARD CITY COUNCIL

RESOLUTION NO. 08-

Introduced by Council Member \_\_\_\_\_

**RESOLUTION AUTHORIZING THE CITY MANAGER  
TO EXECUTE AN AMENDMENT TO THE  
AGREEMENT WITH CAROLLO ENGINEERS FOR THE  
EMERGENCY WATER SYSTEM INTERTIE PROJECT**

BE IT RESOLVED by the City Council of the City of Hayward that the City Manager is hereby authorized and directed to negotiate and execute on behalf of the City of Hayward an amendment to the agreement with Carollo Engineers for additional costs incurred related to the Emergency Water System Intertie Project, Project No.7090, in an amount not to exceed \$60,000, in a form to be approved by the City Attorney.

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2008

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:  
MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: \_\_\_\_\_  
City Clerk of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward