

ITEM #: 18
DATE: 10-22-24
DEPT: W&PC

COUNCIL ACTION FORM

SUBJECT: AMENDMENT NO. 5 TO PROFESSIONAL SERVICES AGREEMENT WITH HDR FOR THE NORTH RIVER VALLEY WELLFIELD PROJECT

BACKGROUND:

The original contract with HDR Engineering for the North River Valley Wellfield and Pipeline project included an allowance of \$150,000 for construction phase services. When the first round of bids came in too high, Council accepted the staff recommendation to reject the bids and to redesign and rebid the project. Staff initially utilized a portion of the construction phase funds (via Amendment Nos. 2 and 3) to cover the cost of the redesign (consisting primarily of deleting the dedicated emergency generator and instead running a feed from the existing emergency generator at the Water Plant). In December 2022, Amendment No. 4 was approved to increase the part-time construction phase services from 240 to 720 hours, allowing increased observation of the electrical, communication, and fiber optic systems.

Construction of the project began in July 2023. Unforeseen issues have impacted the project’s construction schedule, including unanticipated archaeological monitoring of the pipeline excavation directed by the State Historic Preservation Office, and long lead times for electrical equipment. Due to these challenges, the anticipated project completion has been pushed back 10 months to October 2025.

Because of the unanticipated impact of the archaeological oversight, the work has progressed at a much slower pace. As a result, the number of hours necessary for the construction observation has been nearly exhausted. To accommodate the remaining period of part-time construction observation, additional funds need to be authorized to HDR's contract. HDR proposed an amount of \$204,623 if they were to provide all of the remaining observation services, plus an allowance for reviewing the increase in monthly invoices and associated contract paperwork. Staff worked with HDR to identify elements for which City staff could reasonably provide the observation. Ultimately, staff and HDR were able to reduce the amount of additional funds needed to \$110,457.

Table 1: Contract History

	Change	Total Contract
Original Contract - Design Phase Only	\$384,200	\$384,200
Amendment No. 1 - Add Construction Phase	\$230,000	\$614,200
Amendment No. 2 - Shifted funds from Construction Phase to Design Phase	\$0	\$614,200
Amendment No 3 - Shifted Additional funds from Construction Phase to Design Phase	\$0	\$614,200
Amendment No. 4 - Adds Construction Phase funding	\$73,600	\$687,800
<i>Amendment No. 5 (this action) - Adds Construction Phase funding</i>	<i>\$110,457</i>	<i>\$798,257</i>

Table 2: Amendment No. 5 Breakdown

Task	Current Contract Amount	Amendment Number Five	Amended Contract Amount
Permits	\$35,410	--	\$35,410
Design	\$328,700	--	\$328,700
Bidding	\$14,710	--	\$14,710
Administration	\$75,262	\$28,460	\$103,722
Close-Out	\$23,262	--	\$23,262
Construction Observation	\$106,644	\$81,997	\$188,641
Re-Design and Rebid	\$103,812	--	\$103,812
TOTAL	\$687,800	\$110,457	\$798,257

The construction observation activity is “not to exceed” the value of \$81,997 for the remainder of the project, and it is likely that the entire portion will not be fully invoiced should the project remain on schedule. The additional administration fees are also "not to exceed," with the dollar amount based on the additional eight-month period of the project and an estimate of two (2) additional requests for information, two (2) additional change orders, eight (8) additional progress meetings, eight (8) additional site visits, and eight (8) additional pay applications. This line item also will likely not be fully invoiced if the project stays on course. Staff believes the proposed Amendment Number Five will be sufficient to complete the project.

Funding for this amendment will come from the available project contingency. The updated project budget, which includes this proposed amendment, is shown below.

Table 3: Revised Project Budget

	Funding Sources	Project Expenses
Drinking Water State Revolving Fund Loan	\$ 12,161,000	
Test Drilling		\$ 124,005
Engineering, Admin, Legal		725,272
<i>Amendment Number Five (this action)</i>		<i>110,457</i>
Land		111,038
Construction		10,459,646
Geotechnical Services		14,839
Programming Services		36,225
Archaeological Services		192,937
Project Totals	\$ 12,161,000	\$ 11,774,419
Remaining Available Contingency		\$ 386,581

It should also be noted that staff is currently working with the contractor on a fairly sizable deduct change order that is expected to more than offset this increase in engineering expenses. Staff will present the anticipated deduct change order for this project at a later date.

ALTERNATIVES:

1. Authorize Amendment No. 5 to the agreement for engineering services with HDR Engineering, Inc., increasing part-time construction phase services to account for an additional 7-month period, and administration services for an additional 8-month period in the amount not to exceed \$110,457, bringing the total amended contract amount to \$798,2547.
2. Do not approve contract Amendment No. 5. **Staff does not have the requisite expertise to provide oversight on the electrical, communication, and fiber-optic work that remains, and the City would be relying on the contractor to perform in accordance with the specifications without third party confirmation.**

CITY MANAGER'S RECOMMENDED ACTION:

Contracted construction observation services are needed to provide specialized expertise, as well as to help stretch staff resources. Staff has worked very closely with the engineering firm to prepare a realistic estimate of the number of hours likely to be needed. All work is on an hourly not-to-exceed basis as directed by City staff. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.