



CITY OF SAN MATEO

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Agenda Report

Agenda Number: 8

Section Name: {{section.name}}

File ID: {{item.tracking_number}}

TO: City Council

FROM: Drew Corbett, City Manager

PREPARED BY: Public Works Department

MEETING DATE: April 04, 2022

SUBJECT:
Dale Avenue Pumping Station Upgrade – Contingency Increase

RECOMMENDATION:

Approve an increase to the contingency reserve associated with the Anvil Builders, Inc. construction contract for the Dale Avenue Pumping Station Upgrade project in the amount of \$1,410,000, and authorize the Public Works Director to issue change orders within the contingency amount.

BACKGROUND:

The Clean Water Program includes various projects to improve the City of San Mateo's sanitary sewer system to improve flow management and increase capacity to prevent sanitary sewer overflows. Included in the Basins 2 and 3 project is the upgrade of the Dale Avenue Pump Station, which consists of the replacement of mechanical, electrical, and instrumentation equipment in the pump station, along with other upgrades and an increase in pump station capacity.

On October 7, 2019, City Council awarded an agreement with Anvil Builders Inc. (Anvil) for construction of the Dale Avenue Pump Station Upgrade Project (Project) in the amount of \$20,142,000; established a contingency reserve of \$2,000,000; and authorized the Public Works Director to execute the agreement and issue change orders within the contingency amount. The contingency reserve was established to address and mitigate potential unknowns that may arise during construction and was approximately 10% of the agreement value. To date, approximately \$1.3 million of the contingency has been utilized to issue negotiated change orders, and additional change orders are under negotiation that are anticipated to require the remaining contingency amount. An increase to the contingency reserve is now requested because the remaining contingency balance is not sufficient to address an upcoming change order that is still being designed, reviewed, and negotiated. However, based on the currently known and assumed scope of work, staff has estimated a potential cost impact of approximately \$1,410,000.

The remaining contingency balance is not sufficient to issue a contract change order of this amount, and time is of the essence to procure the necessary equipment due to lengthy vendor lead times. Anvil is currently mobilized on-site working on the Project, and staff is concerned that any delays to procure necessary funding and equipment for the upcoming change order may result in construction delay costs. To reduce contract time extensions, streamline procurements, and provide flexibility for staff to negotiate contract change orders in a timely manner, staff recommends increasing the contingency reserve by \$1,410,000. This is approximately 7% of the original contract value.

BUDGET IMPACT:

The initial authorized agreement with Anvil for construction was in the amount of \$20,142,000. The original contingency reserve established was \$2,000,000. This request increases the contingency by \$1,410,000 to a total of \$3,140,000. Funding for this additional contingency amount is available within the Basins 2 & 3 Collection System Improvements Project.

ENVIRONMENTAL DETERMINATION:

The work addressed by this administrative report is being undertaken to support the Clean Water Program. This project is subject to the requirements of the California Environmental Quality Act (CEQA), the general components of which are included as part of the Final Programmatic Environmental Impact Report (Final PEIR) (SCH No. 201532006) that was prepared for the Clean Water Program. The Final PEIR was certified by City Council on June 6, 2016.

NOTICE PROVIDED

All meeting noticing requirements were met.

ATTACHMENTS

None

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