



CITY OF SAN MATEO

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Agenda Report

Agenda Number: 9

Section Name: {{section.name}}

Account Number: 72-4674

File ID: {{item.tracking_number}}

TO: City Council
FROM: Drew Corbett, City Manager
PREPARED BY: Public Works Department
MEETING DATE: September 06, 2022
SUBJECT:
Dale Avenue Pump Station Upgrade – Contingency Amendment

RECOMMENDATION:

Approve an increase to the contingency reserve associated with the Anvil Builders, Inc. construction contract for the Dale Avenue Pump Station Upgrade project in the amount of \$3,500,000 for a total of \$5,500,000; 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 Pumping Station (DAPS), 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 DAPS Upgrade 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 \$1.8 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 balance is not sufficient to address upcoming change orders that are still being designed, reviewed, and negotiated.

Based on the currently known and anticipated scope of work, staff has estimated a potential cost impact of approximately \$3,000,000 to \$3,500,000. 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. 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.

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 \$3,500,000 to a total of \$5,500,000. 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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