Department of Public Works

Bureau of Engineering
Bureau of Sanitation
Joint Report No. 1

July 21, 2020
CD No. 15

REVISE BUDGET AND ISSUE SUPPLEMENTAL AGREEMENT CHANGE ORDER NO. 17 TO PPC CONSTRUCTION, INC., FOR THE CAPITAL IMPROVEMENT PROJECT 5224 - TERMINAL ISLAND WATER RECLAMATION PLANT - DISSOLVED AIR FLOTATION THICKENER MODIFICATION PROJECT, (WORK ORDER NO. SZT11348), (CONTRACT NO. C-129918)

RECOMMENDING THE BOARD OF PUBLIC WORKS (BOARD):

1. AUTHORIZE $268,510 in additional contingency and APPROVE a revised construction budget of $1,383,386 for the Capital Improvement Project 5224 - Terminal Island Water Reclamation Plant (TIWRP) - Dissolved Air Flotation Thickener (DAFT) Modification Project (Project).

2. AUTHORIZE the City Engineer to issue Supplemental Agreement Change Order No. 17 to PPC Construction, Inc. (PPC) for a not-to-exceed amount of $198,500 for the Project to provide extended support of the temporary DAFT system during construction.

TRANSMITTALS


2. Copy of the BOE Report No.1, adopted November 26, 2018, providing authority to increase the budget contingency and issue supplemental agreement Change Order No.7 to the contractor for the Project.

3. Copy of Fully-Executed Supplemental Agreement Change Order No. 7.


DISCUSSION

Background
On July 31, 2017, the Board awarded a contract to PPC in the amount of $720,730 with a contingency amount of $144,146 for a total approved construction budget of $864,876 to construct the Project (Transmittal No. 1). This project is to replace six float skimmers including skimmer blades, blade support and bolts, variable speed drive, air flow control panel, backpressure pipe and valve assembly, 8-inch pressurization loop piping,
recirculation pumps, air compressor with control panel, Thickened Waste Activated Sludge (TWAS) pumps, and tie-in connections to bypass the blending tank by connecting the TWAS pump discharge line to the digester feed pump discharge line, electrical, controls, and all other ancillary components. On November 26, 2018, the Board approved an increase of $250,000 in the construction contingency for a total approved construction budget of $1,114,876 and authority to issue Supplemental Agreement Change Order No. 7 (Transmittal No. 2). At present, the project is approximately 95 percent complete as shown in Photograph Nos. 1 and 2 below.

**Supplemental Agreement Change Order No. 17**

On November 26, 2018, the Board authorized the issuance of Change Order Nos. 4, 5, 6, and 7 to implement capacity upgrades to the temporary DAFT unit in order to prevent interruption to plant operations (Transmittal Nos. 2 and 3). Over the course of the work, the TIWRP requested additional modifications and upgrades to the system to mitigate further risk to plant operations during the construction of this project. Additionally, the project has encountered unforeseen issues in the field as described herein which resulted in the extension of the project schedule and associated rental costs to keep the temporary DAFT on site. The cost of this changed and extra work is anticipated not-to-exceed $198,500.

As indicated above, the Board has previously authorized a revised construction budget and supplemental agreement change authority to $394,146, which is 54.7 percent of the original contract value. However, final execution of remaining preliminary change orders as described herein will exceed 54.7 percent of the contract amount as shown in the table below. Therefore, an additional supplemental agreement change order will need to be issued to the contractor. Upon the Board’s approval of the authority requests as part
of this report, the BOE will execute Supplemental Agreement Change Order No. 17 (Transmittal No. 4) with the contractor to accomplish the following:

- Allow the value of executed change orders to exceed the current Board authorized 54.7 percent of the contract amount requiring the contractor to acknowledge that there will be no change to the terms and conditions of the contract.

- Allow the execution of Change Order No. 17 and additional change orders described below up to the approved construction budget. The maximum change order percentage will not exceed 91.94 percent, as per the below table, unless approved by the Board.

**Preliminary Change Order No. 18**

Over the course of the work, the contractor encountered conflicts within the existing plant components that had a resulting effect on associated improvements to be implemented as part of this project; including process piping, pipe supports, electrical connections and support foundations. The issues are summarized as follows:

- The temporary DAFT required more piping and associated fittings than originally anticipated to complete all necessary inlet and outlet connections.

- Portions of existing electrical conduit originally anticipated to be reused for the associated air compressor were later determined to be unusable and required replacement.

- Additional instrument air piping was needed to accommodate the footprint of new equipment.

- Two existing equipment pads associated with the DAFT process recirculation pumps required extensive modification before they could be used for the new replacement pumps.

The cost of this changed and extra work is anticipated not to exceed $25,010.

**Preliminary Change Order No. 19**

As a result of the issuance of the above described change orders, the subject project’s schedule completion date will need to be extended. The necessary contract time extension includes a compensable portion that accounts for the extended overhead costs associated with working on the Project for a longer duration than originally bid. The cost of the extended overhead is anticipated not-to-exceed $45,000.
Status of Change Orders
A summary of the current change order status is presented below:

<table>
<thead>
<tr>
<th>Category</th>
<th>Total No. of Change Orders</th>
<th>Dollar ($) Amount</th>
<th>Percent (%) Original Contract Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully Executed Change Orders</td>
<td>13</td>
<td>$370,703</td>
<td>51.43%</td>
</tr>
<tr>
<td>Cancelled Change Orders</td>
<td>3</td>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td>Preliminary Change Orders</td>
<td>1</td>
<td>$23,443</td>
<td>3.25%</td>
</tr>
<tr>
<td>Change Orders per this Board Report</td>
<td>3</td>
<td>$268,510</td>
<td>37.26%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20</strong></td>
<td><strong>$662,656</strong></td>
<td><strong>91.94%</strong></td>
</tr>
</tbody>
</table>

### Requested Contingency and Budget Authorization

<table>
<thead>
<tr>
<th>Original Contract</th>
<th>Approved Contingency</th>
<th>Current Authorized Budget</th>
<th>Requested Additional Contingency</th>
<th>New Authorized Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>$720,730</td>
<td>$394,146</td>
<td>$1,114,876</td>
<td>$268,510</td>
<td>$1,383,386</td>
</tr>
</tbody>
</table>

### Program Review Committee (PRC) or Applicable Oversight Committee Briefing

The PRC approved a total budget of $1,383,876 including contingency for this project on March 11, 2020.

### Status of Funding

There is no impact to the General Fund. The total funding for this change order is not to exceed $268,510. Additional funding in the amount of $268,510 is available in the WSSRB Construction Fund, Series 2018-A (Green Bonds), Fund No. 75R, which is part of the Sewer Construction and Maintenance Fund, Appropriation Unit No. 50SHL3.

However, funds and appropriations for future fiscal years are not yet identified and existing appropriations may change based on available cash balances. Therefore, funds and appropriations will be determined by the Director and General Manager of LA Sanitation and Environment or designee.

The contract contains a “Financial Liability Clause” which states that the City of Los Angeles’ (City’s) liability under this contract shall only be to the extent of the present City appropriation to fund the contract. However, if the City shall appropriate funds for any succeeding years, the City’s liability shall be extended to the extent of such appropriation, subject to the terms and conditions of the contract.
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Report reviewed by:
BOE (ADM) and LASAN

Report prepared by:
Environmental Engineering Division
Ethan Wong, PE
Division Engineer
Phone No. (310) 648-6120

Statement as to Funds Approved by:
Miguel De La Peña, Director
Office of Accounting
Fund Ref. 75R/50/50SHL3/$268,510

Lisa B. Mowery, PE
Chief Financial Officer
Bureau of Sanitation
Date: 6/29/2020

Questions regarding this report
may be referred to:
David Copp, Assistant Division Engineer
Phone No. (310) 648-6188
E-mail: David.Copp@lacity.org

Respectfully submitted,
Gary Lee Moore, PE, ENV SP
City Engineer
Bureau of Engineering

Enrique C. Zaldivar, PE
Director and General Manager
Bureau of Sanitation