TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER
DATE: DECEMBER 11, 2006

SUBJECT: APPROVAL OF AMENDMENT NUMBER 4 TO ADD $150,000 TO THE CONTRACT WITH CAROLLO ENGINEERS FOR ADDITIONAL ENGINEERING SUPPORT SERVICES FOR PHASE I WATER DISTRIBUTION SYSTEM IMPROVEMENTS AND EMERGENCY WATER SUPPLY AND STORAGE DRAFT ENVIRONMENT IMPACT REPORT PROJECTS, FOR A TOTAL CONTRACT OF $2,726,462.00

RECOMMENDATION
Staff recommends that Council approve Amendment No. 4 to the Carollo Engineers’ contract (CMR: 124:06) for additional Phase I Water Distribution System Improvements Project construction and Emergency Water Supply and Storage Project Draft Environmental Impact Report (DEIR) engineering support services and authorize the City Manager or his designee to execute the Amendment No. 4 contract and increase compensation by $150,000, for a total contract of $2,726,462.00.

BACKGROUND
The 1999 Water Wells, Regional Storage, and Distribution System Study (1999 Study) analyzed the impact of a severe emergency on Palo Alto’s water distribution system. For example, large earthquake could shutdown the City’s main water supply, the Hetch Hetchy water system, for as long as 60 days. Coupled with the need to extinguish multiple fires in the hour immediately following such an earthquake, the City’s water system would not be able to supply sufficient water to meet demands, even if extensive water conservation measures were implemented during the disaster. The study concluded that the best way to provide for basic water needs would be to implement a dual approach to augmenting the City’s existing emergency water supply by constructing a subterranean 2.5 million gallon reservoir with pump station, and rehabilitating five existing water wells and constructing up to three new wells.
On May 20, 2002, Council awarded a design contract to Carollo Engineers for the Phase I Water Distribution System Improvements Project (CMR: 248:02). During the design process for the Phase I projects, Council required that a draft Environmental Impact Report (DEIR) be prepared for the reservoir and well projects recommended in the 1999 Study. On March 15, 2004, Council approved Amendment No. 1 to Carollo Engineers’ contract, which included preparing a DEIR for the projects recommended in 1999 Study (CMR:164:04). On November 14, 2005, Council approved Amendment No. 2 to Carollo Engineers’ contract (CMR: 407:05) and a Budget Amendment Ordinance to provide additional funding for construction support services on the Phase I Water Distribution Improvements Project. On January 30, 2006, Council approved Amendment No. 3 to Carollo Engineers’ contract (CMR: 124:06) and a BAO to expand its DEIR services to include three additional reservoir sites.

DISCUSSION

Phase I Distribution System Improvements Project
At the time Amendment No. 3 was approved, the Phase I project was anticipated to be completed by June 30, 2006. At the beginning of the project construction, the contractor experienced unforeseen delays due to pump and equipment deliveries caused by the national demand for this type of equipment following Hurricane Katrina. In the spring of 2006, the project construction was also delayed due to inclement weather. The contractor is now scheduled to complete construction by December 31, 2006 barring further inclement weather conditions. The construction delays experienced are expected to increased costs for Carollo’s construction support services by $78,500. Construction support services include review of contractor submittals, construction management and design support, review and negotiations of proposed change orders, inspection services, field meetings, preparation of operation and maintenance manuals, and final close-out documents including as-built drawings. Carollo’s Phase I construction support services have resulted in project change order reductions of $333,600 to date.

Emergency Water Supply and Storage Project DEIR
As the DEIR process evolved, it became necessary to do preliminary engineering design-level analysis to some of the project reservoir and well alternatives to determine the most pragmatic and desirable onsite location and layout of proposed facilities. Additionally, it was determined that for certain DEIR alternatives, analyses of parking requirements, mitigation measures, and park ordinance amendment requirements were required. These additional analyses are expected to extend the original DEIR schedule by 3 months. Neither the reservoir and well conceptual engineering feasibility, nor the parking and park ordinance amendment services, were anticipated in the scope and budget of Amendment No. 3. The anticipated additional cost of the extension of the DEIR project schedule, plus the additional resources needed to complete the reservoir and well preliminary engineering, is $71,500.
Amendment No. 4
Amendment No. 4 would amend Carollo’s contract to increase the budget for construction support services by $78,500 and increase the budget for DEIR services by $71,500, for a total cost increase of $150,000. The total contract with Carollo Engineers is $2,726,462.00.

RESOURCE IMPACT
 Funds for this contract amendment are available the Water Capital Improvement Program Budget. If additional funds are required in the future, staff will request Council approval during the mid-year budget adjustment period for additional appropriation into Water Capital Improvement Program Budget.

POLICY IMPLICATIONS
Approval of Amendment No. 4 does not represent a change to existing City policies.

ENVIRONMENTAL REVIEW
The draft EIR for the Emergency Water Supply Project was circulated on November 8, 2006. Comments from the public are due on December 22, 2006. The final EIR certification which incorporates responses to public comment is scheduled to be completed by Council in March 2007.

ATTACHMENTS
A: Amendment No. 4 to Contract C2138257

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