



City of Palo Alto

City Council Staff Report

(ID # 10555)

Report Type: Consent Calendar

Meeting Date: 11/4/2019

Summary Title: Approval to Increase Compensation of Construction Management Contract for Sludge Dewatering Facility

Title: Approval of Amendment Number 1 to Contract Number C17166486 With Tanner Pacific, Inc. to Increase Maximum Compensation to a Not-to-Exceed Amount of \$2,240,000 for Continued Construction Management Services for the Sludge Dewatering and Loadout Facility Project, Capital Improvement Program Project (WQ-14001)

From: City Manager

Lead Department: Public Works

Recommendation

Staff recommends that Council approve and authorize the City Manager or his designee to execute Contract Amendment No. 1 to Contract No. C17166486 with Tanner Pacific, Inc. (Attachment A) to increase the contract amount by \$260,000 which includes \$236,400 for base services and \$23,600 for additional services to provide extended construction management services for construction of the Sludge Dewatering and Loadout Facility Project (WQ-14001). This amendment results in a revised total contract not-to-exceed amount of \$2,240,000.

Background

A [Long Range Facilities Plan](#) (LRFP) was prepared in 2012 to provide a road map for the RWQCP's future. In 2014, a [Biosolids Facilities Plan](#) was prepared as part of an [Organics Facilities Plan](#). A new Sludge Dewatering and Loadout Facility at the RWQCP was designed and constructed to meet these goals. The facility, now substantially complete, allowed retirement of the City's two sewage sludge incinerators in June 2019. Total project cost including design and construction is approximately \$29.7 million. A key part of the project includes construction management. On April 17, 2017, Council authorized a contract (No. C17166486) with Tanner Pacific, Inc. (Tanner) for Construction Management Services ([Staff Report ID#7871](#)).

Discussion

Tanner's work under the construction management contract is for the administration, inspection, quality control, cost control, and record control during the installation of the sludge dewatering and truck loadout facility. The construction work is performed by C. Overaa & Co.

(Overaa). Overaa's work was extended due to delays in equipment deliveries and equipment testing, as well as for extended start up testing. The project's construction timeline was originally expected to be 22 months but was extended to 27 months. During this five-month period, Tanner continued to provide construction management services, resulting in the need for the recommended amendment to Tanner's contract. While the extended construction duration has resulted in an approximate 10% increase to the construction management costs, the overall project will be delivered within the approved budget.

Resource Impact

Funding for this amendment is available in the Wastewater Treatment Fund Capital Improvement Program Sludge Dewatering and Loadout Facility Project (WQ-14001). The Project is funded by a California State Revolving Fund low interest loan, which is disbursed on a reimbursement basis. The Tanner contract, including this contract amendment, will be covered by the State Revolving Fund loan. The City is responsible for repaying 38.16% of the costs of the project, with the other RWQCP Partners making up the rest. Reimbursements from the RWQCP partner agencies will be implemented as specified in the addendum and amendment to the partner agency agreements and approved by Council on October 17, 2016 ([Staff Report ID#7144](#)).

Policy Implications

Approval of this contract amendment does not represent a change in existing policies.

Environmental Review

The City of Palo Alto performed an environmental review for the sludge dewatering and loadout facility under provisions of the California Environmental Quality Act (CEQA). An Initial Study/Mitigated Negative Declaration was prepared for the project, and Council approved the environmental documentation on March 28, 2016 ([Staff Report ID#6424](#)).

Attachments:

- Attachment A: Contract Amendment No. 1

**AMENDMENT NO. 1 TO CONTRACT NO. C17166486
BETWEEN THE CITY OF PALO ALTO AND
TANNER PACIFIC, INC**

This Amendment No. 1 (this "Amendment") to Contract No. C17166486 (the "Contract" as defined below) is entered into as of November 4, 2019, by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("CITY"), and TANNER PACIFIC, Inc. a California corporation, located at 751 Laurel Street, Suite 609, San Carlos, CA-94070 ("CONSULTANT"). CITY and CONSULTANT are referred to collectively as the "Parties" in this Amendment.

RECITALS

A. The Contract (as defined below) was entered into by and between the Parties hereto for the provision of Construction Management Services for Sludge Dewatering and Loadout Facility, as detailed therein.

B. The Parties now wish to amend the Contract to increase the maximum compensation to \$2,240,000. Additional compensation is added to provide additional and extended services for managing construction contract time extensions and complexities of the construction work for the sludge dewatering and truck loadout facility.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the Parties agree:

SECTION 1. Definitions. The following definitions shall apply to this Amendment:

- a. **Contract.** The term "Contract" shall mean Contract No. C17166486 between CONSULTANT and CITY, dated April 17, 2017.
- b. **Other Terms.** Capitalized terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Contract.

SECTION 2. Section 4, "NOT TO EXCEED COMPENSATION" of the Contract is hereby amended to read as follows:

The compensation to be paid to CONSULTANT for performance of the Services described in Exhibit "A" ("Basic Services"), and reimbursable expenses, shall not exceed Two Million Thirty-Six Thousand Four Hundred Dollars (\$2,036,400). CONSULTANT agrees to complete all Basic Services, including reimbursable expenses, within this amount. In the event Additional Services are authorized, the total compensation for Basic Services, Additional Services and reimbursable expenses shall not exceed Two Million Two Hundred Forty Thousand Dollars (\$2,240,000). The

Vers.: Aug. 5, 2019

applicable rates and schedule of payment are set out at Exhibit "C-1", entitled "HOURLY RATE SCHEDULE," which is attached to and made a part of this Agreement. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to the CITY.

Additional Services, if any, shall be authorized in accordance with and subject to the provisions of Exhibit "C". CONSULTANT shall not receive any compensation for Additional Services performed without the prior written authorization of CITY. Additional Services shall mean any work that is determined by CITY to be necessary for the proper completion of the Project, but which is not included within the Scope of Services described at Exhibit "A".

SECTION 3. The following exhibit(s) to the Contract is/are hereby amended or added, as indicated below, to read as set forth in the attachment(s) to this Amendment, which is/are hereby incorporated in full into this Amendment and into the Contract by this reference:

- a. Exhibit "B" entitled "SCHEDULE OF PERFORMANCE", AMENDED, REPLACES PREVIOUS.
- b. Exhibit "C" entitled "COMPENSATION", AMENDED, REPLACES PREVIOUS.
- c. Exhibit "C-1" entitled "SCHEDULE OF RATES, AMENDED, REPLACES PREVIOUS

SECTION 4. Legal Effect. Except as modified by this Amendment, all other provisions of the Contract, including any exhibits thereto, shall remain in full force and effect.

SECTION 5. Incorporation of Recitals. The recitals set forth above are terms of this Amendment and are fully incorporated herein by this reference.

(SIGNATURE BLOCK FOLLOWS ON THE NEXT PAGE.)

SIGNATURES OF THE PARTIES

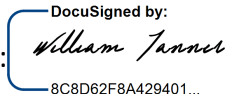
IN WITNESS WHEREOF, the Parties have by their duly authorized representatives executed this Amendment **effective** as of the date first above written.

CITY OF PALO ALTO

TANNER PACIFIC, INC.

City Manager or designee

Officer 1

By: 
DocuSigned by:
8C8D62F8A429401...
Name: William Tanner

APPROVED AS TO FORM:

Title: President/CEO

City Attorney or designee
(Contract over \$25k)

Officer 2 (Required for Corp. or LLC)

By: 
DocuSigned by:
4765458F0DAC427...
Name: Kathryn Tanner

Title: Board Secretary

Attachments:

Exhibit "B" entitled "SCHEDULE OF PERFORMANCE", AMENDED, REPLACES PREVIOUS
Exhibit "C" entitled "COMPENSATION", AMENDED, REPLACES PREVIOUS
Exhibit "C-1" entitled "SCHEDULE OF RATES, AMENDED, REPLACES PREVIOUS

EXHIBIT "B"
SCHEDULE OF PERFORMANCE
(AMENDED, REPLACES PREVIOUS)

CONSULTANT shall perform the Services so as to complete each milestone within the number of days/weeks specified below. The time to complete each milestone may be increased or decreased by mutual written agreement of the project managers for CONSULTANT and CITY so long as all work is completed within the term of the Agreement. CONSULTANT shall provide a detailed schedule of work consistent with the schedule below within 2 weeks of receipt of the notice to proceed.

| Milestones | Completion (No. of Weeks From NTP) |
|-------------------------------|------------------------------------|
| 1. Task 1 Pre-Construction | 8 |
| 2. Task 2 - Construction | 122 |
| 3. Task 3 – Project Close Out | 163 |

EXHIBIT "C"
COMPENSATION
(AMENDED, REPLACES PREVIOUS)

The CITY agrees to compensate the CONSULTANT for professional services performed in accordance with the terms and conditions of this Agreement, and as set forth in the budget schedule below. Compensation shall be calculated based on the hourly rate schedule attached as exhibit C-1 up to the not to exceed budget amount for each task set forth below.

CONSULTANT shall perform the tasks and categories of work as outlined and budgeted below. The CITY's Project Manager may approve in writing the transfer of budget amounts between any of the tasks or categories listed below provided the total compensation for Basic Services, including reimbursable expenses, and the total compensation for Additional Services do not exceed the amounts set forth in Section 4 of this Agreement.

| BUDGET SCHEDULE | NOT TO EXCEED AMOUNT |
|------------------------------------------------|----------------------------------|
| Task 1 | \$11,000.00 (Pre-Construction) |
| Task 2 | \$1,866,840.00 (Construction) |
| Task 3 | \$125,065.00 (Project Close Out) |
| Sub-total Basic Services | \$2,002,905.00 |
| Reimbursable Expenses | \$33,495.00 |
| Total Basic Services and Reimbursable expenses | \$2,036,400.00 |
| Additional Services (Not to Exceed) | \$203,600.00 |
| Maximum Total Compensation | \$2,240,000.00 |

Vers.: Aug. 5, 2019

REIMBURSABLE EXPENSES

The administrative, overhead, secretarial time or secretarial overtime, word processing, photocopying, in-house printing, insurance and other ordinary business expenses are included within the scope of payment for services and are not reimbursable expenses.

CITY shall reimburse CONSULTANT for the following reimbursable expenses at cost. Expenses for which CONSULTANT shall be reimbursed are:

A. Travel outside the San Francisco Bay area, including transportation and meals, will be reimbursed at actual cost subject to the City of Palo Alto's policy for reimbursement of travel and meal expenses for City of Palo Alto employees.

B. Long distance telephone service charges, cellular phone service charges, facsimile transmission and postage charges are reimbursable at actual cost.

All requests for payment of expenses shall be accompanied by appropriate backup information. Any expense anticipated to be more than \$1,000.00 shall be approved in advance by the CITY's project manager.

ADDITIONAL SERVICES

The CONSULTANT shall provide additional services only by advanced, written authorization from the CITY. The CONSULTANT, at the CITY's project manager's request, shall submit a detailed written proposal including a description of the scope of services, schedule, level of effort, and CONSULTANT's proposed maximum compensation, including reimbursable expense, for such services based on the rates set forth in Exhibit C-1. The additional services scope, schedule and maximum compensation shall be negotiated and agreed to in writing by the CITY's Project Manager and CONSULTANT prior to commencement of the services. Payment for additional services is subject to all requirements and restrictions in this Agreement

Work required because the following conditions are not satisfied or are exceeded shall be considered as additional services:

Assist CITY with any additional work related to projects covered under Long Range Facilities Plan (LRFP).

EXHIBIT "C-1"
SCHEDULE OF RATES
(AMENDED, REPLACES PREVIOUS)

TANNER PACIFIC, Inc.

| <u>Staff Title</u> | 2019 Hourly Rates ¹ |
|--------------------------------|--------------------------------|
| Principal/Construction Manager | \$230.00 |
| Resident Engineer | \$122.00 |
| Office/Field Engineer | \$111.00 |
| Inspector ² | \$161.00 |
| Administrative Assistant | \$94.00 |
| Intern | \$47.00 |

- ¹ Effective dates 6/30/16 – 12/31/19
- ² Subject to California Prevailing Wage

Subconsultants

All Subconsultants invoiced at cost plus 5 percent

- Smith Emery – Prevailing Wage
- Bricker Valuation Services - \$150/Hr
- Wet Consulting - \$180/Hr

| <u>Staff Title</u> | <u>2020 Hourly Rates¹</u> |
|-------------------------------------|------------------------------------------|
| Principal | \$250.00 |
| Senior Project/Construction Manager | \$213.00 |
| Project/Construction Manager | \$193.00 |
| Senior Project Engineer | \$165.00 |
| Project Engineer | \$135.00 |
| Inspector ² | \$176.00 |
| Administrative Assistant | \$115.00 |
| Intern | \$ 50.00 |

- Services are provided on an hourly and expense basis.
- One-way travel charged when the billing for work performed for the City is less than eight (8) hours in one day.
- ¹ Effective dates 1/1/20-12/31/20
- ² Subject to California Prevailing Wage

Subconsultants

All Subconsultants invoiced at cost plus 5 percent

Expenses

Direct expenses, as listed below, incurred in connection with the work, will be at cost:

- Delivery services
- Outside reproduction
- Travel outside the Bay Area
- All other extraordinary expenses invoiced at cost

Vehicles used in conjunction with the work will be at the federally approved mileage rates or at negotiated monthly rate.