

Council Meeting Staff Report

September 21, 2016

Agenda No.:	5.D.
Indexes (Council Goals):	BCC - N/A
Presenters:	James Alarid
Legislative File:	8575-16

Title

Approval of Change Order No. 2 to Bid No. 16-052 for the Purpose of Kwage Mesa Non-potable Water Line Replacement Project with Paul Parker Construction, for an Increase in the Contract Amount of \$31,000.00, for a new total of \$329,218.50, plus Applicable Gross Receipts Tax.

Recommended Action

I move that the Board of Public Utilities approve Change Order No. 2 to Bid No. 16-052 for the Purpose of the Kwage Mesa Non-potable Water Line Replacement Project with Paul Parker Construction for an increase in the contract amount of \$31,000.00, for a total contract amount of \$329,218.50, plus Applicable Gross Receipts Tax, and forward to Council for approval.

Staff Recommendation

Staff recommends that the Board approve as presented.

Body

The original Owner-estimated length of pipe was shorter than actual installed by 350 LF. Adjustments to as-built quantities always happen when using horizontal directional drilling (HDD) technology, for the curvature of the line is difficult to control due mainly to three factors: actual subsurface conditions are largely unknown, the slope of the surface under which the line will be installed, and contractor's ability to manage the procedure. Given these factors, in the HDD industry, overruns are generally shared equally by owner and contractor; however, in this case, it was mutually agreed that the contractor had better control than the owner could have ever had. Therefore, the liability would be shared 2/3 by contractor versus 1/3 by Owner. Based on bid prices, the total cost overrun was \$93,450, and the one third corresponding to the owner is \$31,150. Contractor agreed to round up the figure to \$31,000.

Alternatives

Contractor knowingly took the risk of completing the job before the change order was approved, for the benefit of the Owner. Should the Board decide not to support the staff recommendation, contractor would stand to lose \$10,202.50.

Fiscal and Staff Impact/Planned Item

Project was awarded with a total approved budget of \$319,016.00 plus NMGRT. Including this change order, the total project cost is \$329,218.50 plus NMGRT. Change Order No. 2 increases the approved project cost by \$10,202.50 plus NMGRT.

The project is funded by a loan/grant from the Water Trust Board where the County funds 10% of the project cost and the remaining costs are paid 40% by loan and 60% by grant.

Attachments

