



LEGISLATIVE MEMORANDUM

TO: Honorable Mayor and Members of the City Council

FROM: Matthew T. Morton, City Manager

THRU: Gabriel Bowden, Utilities Director; George Barber, Chief Procurement Officer

DATE: May 15, 2025

RE: Contract: South Regional Water Reclamation Facility Construction - IFB 39-0-2020, Change Order 8 - Utilities Department (RJ Sullivan Corporation - \$153,646).

SUMMARY:

On November 5, 2020, City Council approved the award of IFB #39-0-2020/JG, South Regional Water Reclamation Facility (SRWRF) Construction, in the amount of \$24,458,000, to RJ Sullivan Corporation. This project is a new wastewater treatment facility, with an initial treatment capacity of 1.0 MGD.

Change Order Summary:

To date, seven change orders have been issued on the project, reflecting a combination of deductive cost adjustments for Owner Direct Purchases (ODPs), design modifications, material price increases, and construction schedule impacts. Three change orders (Nos. 1, 2, and 5) were deductive and administratively approved by the Chief Procurement Officer, resulting in substantial cost savings through the City's tax-exempt purchasing strategy. The remaining four change orders (Nos. 3, 4, 6, and 7) were Council-approved and relate primarily to design corrections, operational efficiency improvements, unforeseen field conditions, vendor price escalations, and pandemic-related delays. Collectively, these change orders have resulted in a net construction time extension of 894 days.

- **Change Order No. 1:** *Approved by the Chief Procurement Officer as a deductive Owner Direct Purchase (ODP) change order in the amount of \$243,534.84 to facilitate tax-exempt material procurement.*
- **Change Order No. 2:** *Approved by the Chief Procurement Officer as a deductive ODP change order totaling \$133,080.00 for additional tax-exempt purchases.*

- **Change Order No. 3:** *Approved by Council on September 16, 2021, for \$350,465.82 and 17 additional days, addressing operational concerns, design corrections, and efficiency improvements.*
- **Change Order No. 4:** *Approved by Council on March 3, 2022, for \$478,147.40 and 151 added days, due to Membrane Bioreactor design updates, freight adjustments, and sub-vendor pricing.*
- **Change Order No. 5:** *Approved by the Chief Procurement Officer as a deductive ODP in the amount of \$3,606,939.94 for tax-exempt material deduction.*
- **Change Order No. 6:** *Approved by Council on September 1, 2022, for \$1,049,998.75 and 22 added days, involving value engineering, design revisions, and bid corrections.*
- **Change Order No. 7:** *Approved by Council on May 16, 2024, for \$913,540.11 and a request of 704 additional days, citing design changes, safety and quality improvements, unforeseen conditions, and pandemic-related equipment delays.*

Proposed Change Order # 8:

This change order consists of seven (7) individual design changes for a total value of \$153,646.30. The changes are intended to address O&M and constructability concerns brought forward by staff and the contractor, along with addressing unforeseen conditions. Additionally, this change order addresses the corrective actions required to enable the contractor to utilize the Automatic Transfer Switch (ATS) supplied by the subcontractor. The contractor has requested an additional 121 days associated with this change order, of which the City is approving 0 days at this time. Additional time may be considered as substantial progress is made toward the completion of the project. Liquidated damages have been accruing from the contractual substantial completion date (April 26, 2025) at a rate of \$2,500 a day. This amount has the potential to be negotiated/waived at the City's discretion, provided mutual acceptance with the Contractor, and substantive progress is made in completing the project. The Engineer of Record (Wade Trim) recommends accepting these changes and has provided the attached memorandum of concurrence.

REQUESTING DEPARTMENTS:

Utilities

Procurement

FISCAL IMPACT:

Funds are available in the Utilities Department's SRF Loan Fund under project 16WS05.

Honorable Mayor and Members of the City Council

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STAFF RECOMMENDATION:

Motion to approve Change Order No. 8 for the SRWRF Contraction, amount \$153,646.30 to RJ Sullivan Corporation.

ATTACHMENTS:

1. Wade Trim, Engineer of Record, memorandum
2. Change Order No. 8