



DATE: April 19, 2006

TO: Honorable Mayor and City Councilmembers

FROM: Water Utilities Department

SUBJECT: **APPROVAL OF CLOSING CHANGE ORDER 1 TO TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA AND ACCEPTANCE OF IMPROVEMENTS STARTED BY JW CONTRACTING CORPORATION AND COMPLETED BY THEIR SURETY, TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, FOR THE NORTH VALLEY SEWER LIFT STATION UPGRADE PROJECT**

SYNOPSIS

Staff and the Utilities Commission recommend that the City Council approve closing Change Order 1 to Travelers Casualty and Surety Company of America in the amount of \$32,625; accept the improvements started by JW Contracting Corporation and completed by their surety, Travelers Casualty and Surety Company of America, for the North Valley Sewer Lift Station Upgrade project; authorize the Public Works Director to execute closing Change Order 1; and authorize the City Clerk to file a Notice of Completion with the San Diego County Recorder.

BACKGROUND

On February 20, 2002, City Council approved a construction contract with JW Contracting Corporation of Corona in the amount of \$1,669,000 for the North Valley Sewer Lift Station Upgrade.

The North Valley Sewer Lift Station is located at 3950 North River Road just outside the entrance to the San Luis Rey Wastewater Treatment Plant. This facility, which was originally constructed and put into operation in 1974, required upgrading to keep up with increasing flows and to provide odor control.

This station pumps all wastewater flows from the easterly portion of the City and Rainbow Municipal Water District to the San Luis Rey Wastewater Treatment Plant for treatment and disposal. The upgrade increased the capacity of the lift station from 2.5 million gallons per day (mgd) to 6.2 mgd. Rainbow has agreed to pay its fair share of the construction costs to accommodate its additional flow.

Starting in late 2002 the City began receiving Stop Notices from vendors and subcontractor of JW Contracting Corporation. The first four stop notices totaled \$75,558.13 and JW Contracting bonded around those notices. In June 2003, JW

Contracting filed for protection under Chapter 11 of the Bankruptcy Code. The City received eleven additional stop notices totaling \$372,836.76. At that time staff notified the bonding company, Travelers Casualty and Surety Company of America, of the situation and the possible default of the contract. Travelers Surety brought in another contractor in December 2004 to complete the project, and the project was finally completed in June 2005. The City and representatives of Travelers have been negotiating the change orders and the closing of this project since then.

ANALYSIS

Closing Change Order 1 included work on both electrical and plumbing systems as problems were identified during construction. This change order provided for larger conduit and conductors between MCC-2G and the scrubber control panel for 120V power, and between the scrubber control panel and the RTU panel in the lift station. It also provided 500-gallon and 1600-gallon chemical storage tanks with the necessary nozzles and appurtenances, which supersede those on the original plans that were insufficient and without necessary details. Minor portions of this change order included piping corrections due to incorrect elevations and the addition of a 2-inch combination air/vacuum sewage valve on the new 20-inch sewer force main.

FISCAL IMPACT

In Fiscal Year 2001-2002, \$2,400,000 was appropriated for the North Valley Sewer Lift Station Upgrade project. The engineer's estimate for construction was \$2,250,000. The original contract of \$1,669,000 plus closing Change Order 1 of \$32,625 total \$1,701,625. Therefore, adequate funds are available for the project.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

COMMITTEE OR COMMISSION REPORT

The Utilities Commission approved staff's recommendation at its meeting on March 21, 2006.

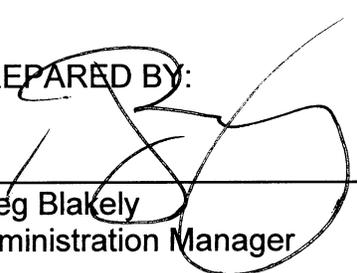
INSURANCE REQUIREMENTS

The contractor has maintained the required insurance.

RECOMMENDATIONS

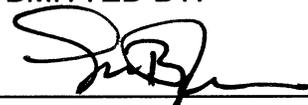
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PREPARED BY:



Greg Blakely
Administration Manager

SUBMITTED BY:



Steven R. Jepsen
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Assistant to the City Manager

Barry E. Martin, Water Utilities Director



Exhibit A - Change Order

