

TO: Andrew P. Powers, City Manager

FROM: Clifford G. Finley, Public Works Director

DATE: June 18, 2024

SUBJECT: Unit W Wastewater Interceptor Improvements (CI 5445)

RECOMMENDATION:

1. Terminate the construction contract with MMC, Inc. (MMC) (La Palma, CA), for the Unit W Wastewater Interceptor Improvements Project (CI 5445).
2. Authorize staff to re-advertise the project for new construction bids following a value engineering evaluation.
3. California Environmental Quality Act (CEQA): A Mitigated Negative Declaration was approved for this project by City Council on February 22, 2022.

LEVINE ACT ITEM: No

FINANCIAL IMPACT:

No Additional Funding Requested. Minimal staff time and costs required to re-advertise for bids is included in the FY 2023-24 Wastewater Fund Operating Budget. \$3,086,000 is included in the FY 2023-24 Wastewater Fund Capital Budget (CI 5445) with an additional budget carryover of \$1,697,340 for a total budget of \$4,783,340. Estimated total project cost is \$4,986,000. Additional appropriation, if needed, will be requested depending on final construction bids received.

BACKGROUND:

The City's Hill Canyon Treatment Plant (HCTP) provides tertiary-level wastewater treatment for the community. As part of the overall wastewater collection and treatment system, large-diameter wastewater interceptor pipelines were installed to transport the wastewater from the community and deliver it to the HCTP. The Unit W Wastewater Interceptor is a gravity collection pipeline that originates near the Oaks Mall and transports a large volume of wastewater along the Arroyo Conejo Creek to the HCTP (Attachment #1).

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The Unit W pipeline was installed in the 1960s and improvements have been made over the decades. In the lower portion of the interceptor, the original 1960s Unit W pipeline consisted of a 30-inch diameter pressurized pipeline with two major wastewater access structures (Structure W-1 and Structure W/F). The structures enable the wastewater interceptors to be controlled and accessed by staff.

This project involves important rehabilitation to some of the City's largest and most essential wastewater interceptor pipelines which will prolong the life of current assets and reduce overall risks and maintenance costs to the wastewater pipelines. This portion of wastewater interceptor pipelines is nearing the end of its service life, is located deep in the canyon, and is difficult to access.

This scope of the project will review the existing condition of the two pipelines towards the south headworks at the HCTP, a distance of approximately 5,000 feet. The project also includes installing a temporary wastewater bypass pipeline to the HCTP's headworks whereby closed-circuit television (CCTV) work can be performed on the inside of the wastewater pipelines as well as installation of new access holes. In addition, three of the existing isolation valves are non-functional due to mechanical failure, and these will also be replaced. The condition assessment of the existing facilities involved with this project is the first phase of a potential two-phase project. Once this project is completed and the necessary internal pipeline CCTV information is obtained, staff will assess the requirements for the second phase of this project. The second phase is included under CI 5681 in the Adopted FY 2023-2025 Capital Improvement Program budget.

On January 24, 2023, City Council originally authorized staff to advertise this project for construction bids. Bids were opened on March 1, 2023; however, because of the high construction bids and only two total bids received, City Council rejected all bids at their April 4, 2023, meeting. Staff worked with the design consultant in the Summer and Fall of 2023 to implement design and construction document clarifications and value engineering to clarify the scope of the project. City Council authorized re-bidding of the project on November 14, 2023. Four bids were opened on January 24, 2024. City Council awarded the project to MMC at the February 27, 2024, meeting.

DISCUSSION/ANALYSIS:

After executing the construction contract with the City on March 28, 2024, and conducting the preconstruction meeting, the President of MMC and his project representatives requested that the City meet with them to discuss a major oversight noted in their project bid. MMC indicated that they had not included any groundwater dewatering efforts in their contract, and this oversight was going to result in extreme hardship for them financially to be able to complete the project

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within the time and cost included within the construction contract due to the high levels of groundwater associated with the pipelines adjacent to the creek. As a result, MMC requested that the City terminate their contract on May 9, 2024.

Article 48 of the General Conditions within the City's standard construction contract allows the City to terminate construction contracts. Although the City is not obligated to terminate the contract, staff feels that requiring a contractor to perform work that creates a financial hardship could pose a hazard for the project and this critical asset, especially given the canyon location and sensitive project schedule. As such, based on the facts at hand, termination for convenience is the most applicable to this situation. MMC has confirmed that they will not be submitting any invoices on the project and are appreciative of the termination consideration from the City.

Staff considered options related to attempting to perform construction during this season with a different contractor; however, the process of rebidding the project, awarding and performing the required product material submittal reviews will extend the start of work on the project into the Fall. This delay to the project schedule on a conventional project would be an option; however, this project has regulatory environmental permits that do not allow for construction activities within the canyon in the rainy season. As such, it is highly unlikely that a newly selected contractor would be able to finish the project by the start of the rainy season. In addition to the regulatory permit constraints, staff believes that working in the creek during the rainy season would present too large of a risk to both the contractor and the facilities since the canyon environment becomes difficult to access, creek flows become elevated, and bypassing of the wastewater in temporary above ground pipelines that cross the creek would be at risk of failure.

Working with engineering and environmental consultants, staff will explore the necessary modifications to the project and the regulatory permits that need to occur to re-bid and award the project and move the construction phase of the project to Summer 2025. Staff will return to City Council in the Fall of this year once the project plans and specifications are modified accordingly, and the project will be re-advertised for bidding.

The revised tentative schedule for the project is as follows:

Re-bidding	Fall 2024
Award of construction contract	Winter 2025
Start construction	Late Spring 2025
Construction completion	Fall 2025

As part of the design efforts on the project, the consultant prepared the Mitigated

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Negative Declaration in accordance with the CEQA guidelines. City Council adopted the Mitigated Negative Declaration and Mitigation Monitoring Program for the project on February 22, 2022.

This project meets City Council's Top Ten Priorities #6, "Public Works + Infrastructure Investments."

Community Outreach: This project will be limited to work at HCTP and in the canyon adjacent to HCTP where the Unit W pipelines are located and is not expected to impact any neighboring residences. The work will be at the south end of the plant and will have limited impact to plant operation. Construction-related impacts to hiking trail users will be minimal.

CIP PROJECT PRIORITY (as outlined in FY 2023-24 and FY 2024-25 CIP Program Budget)

Priority Two – Necessary, but not essential, and there could be consequences if deferred.

COUNCIL GOAL COMPLIANCE:

Meets the following City Council goal:

F. Provide and enhance essential infrastructure to ensure that the goals and policies of the Thousand Oaks General Plan are carried out and the City retains its role and reputation as a leader in protecting the environment and preserving limited natural resources.

PREPARED BY: Nader Heydari, Deputy Public Works Director

Attachments:

Attachment #1 – Vicinity and Location Maps