

Subcontractor Addition – Laguna Treatment Plant Chillers and Climate Control Upgrades at Administration and Annex Building

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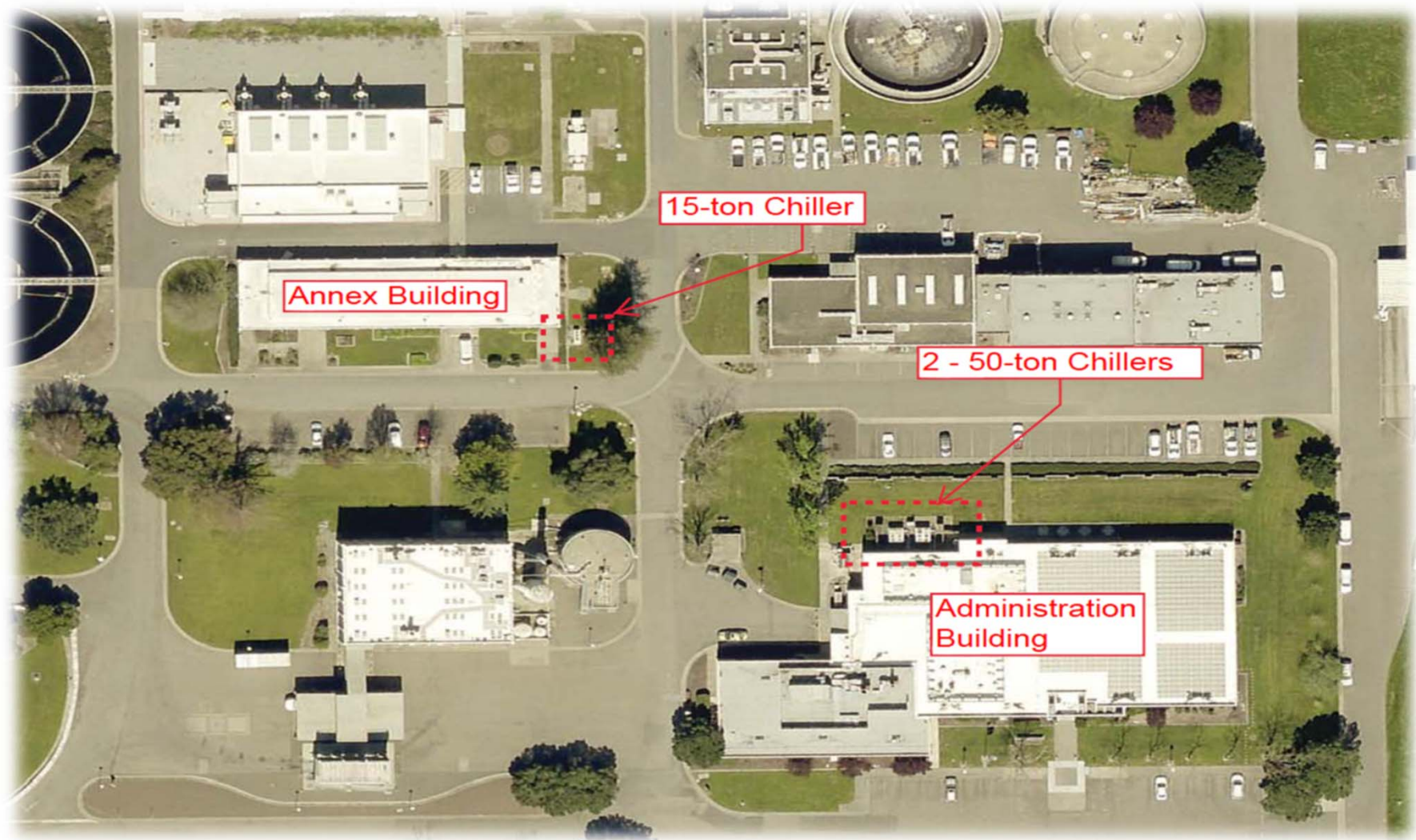


OUR FUTURE IN EVERY DRÖP

BACKGROUND

- 2016 Costa Engineers Assessment Report
 - Existing boilers need frequent repairs
 - One of the two boilers no longer operable
 - Remaining boiler is undersized and overtaxed
 - End of effective service life
 - Replacement/Upgrade recommendation
- Climate control serves the Plants laboratory section

BACKGROUND



OUR FUTURE IN EVERY DRÖP

BACKGROUND

- Improvements include:
 - (2) – 50 ton chillers at Admin Building
 - (1) – 15 ton chiller at Annex Building
 - (2) – condensing boilers at Admin Building
 - Programmable Logic Controller (PLC) upgrades

BACKGROUND

- August 15, 2019 - Board approved sole source specification of PLC Siemens S7 Series.



BACKGROUND

- October 17, 2019 - Board approved construction Contract No. C02105 to Matrix HG, Inc. for the Project.



Annex Building



Admin Building



OUR FUTURE IN EVERY DROP

ANALYSIS

- November 25, 2019 - Notice to Proceed issued
- March 17 to May 5, 2020 – Project suspended
 - County Public Health Order in response to COVID-19
- March 24, 2020 - Request for subcontractor addition
 - Wunderlich-Malec Engineering (WM)

ANALYSIS

- Public Contract Code (PCC) Section 4104 provides:
All subcontracts in excess of one-half of one percent of the total amount of a bid are required to be listed in the bid.
- PCC Section 4106 provides:
If a prime contractor fails to specify a subcontractor for work under the contract in excess of one-half of one percent of the bid price, the prime contractor agrees that it is fully qualified to perform that portion itself and shall perform that portion itself.

ANALYSIS

- PCC Section 4110 provides:

Violation of PCC Sections 4104/4106 subjects the contractor to cancellation of the contract or assessment of a penalty of up to a 10 percent of the value of the subcontracted work.

- PCC Section 4109 provides:

An owner can permit an unlisted subcontractor to perform work only “in cases of public emergency or necessity,” and then only after a finding reduced to writing as a public record of the awarding authority setting forth the facts constituting the emergency or necessity.

ANALYSIS

- Contract cancellation:
 - Delays project completion past 2020
 - Uncommon, undesired, and lengthy process
 - Potential claims and need for legal counsel
 - Estimated additional expenditures: \$30-50k
 - Estimated completion date: Spring 2021
 - Cost collecting potential penalty \geq cost of the penalty

ANALYSIS

- Matrix's performance to date:
 - Forthright
 - Proactive and collaborative
 - Committed to completing project on time
 - Omission of subcontractor - inadvertent error

RECOMMENDATION ALTERNATIVES

- The Board may elect to:
 - Permit the addition of the unlisted subcontractor, and waive penalties against Matrix in the amount of \$12,500 (10% of the subcontracted work), or
 - Permit the addition of the unlisted subcontractor, and assess penalties against Matrix in the amount of \$12,500, or
 - Terminate Contract and re-execute a new Contract with another contractor.

RECOMMENDATION

It is recommended by the Transportation and Public Works Department and the Water Department that the Board of Public Utilities, by Resolution, 1) permit the addition of subcontractor Wunderlich-Malec Engineering of Pleasanton, California to the Laguna Treatment Plant Chillers And Climate Control Upgrades project (Contract No. C02105) due to public necessity; and 2) elect not to assess potential penalties against the prime contractor Matrix HG, Inc., of Novato, California.

Questions?