

CITY OF YUBA CITY
STAFF REPORT

Date: December 15, 2020
To: Honorable Mayor & Members of the City Council
From: Public Works Department
Presentation by: Diana Langley, Interim City Manager

Summary

Subject: Harter Tanks Painting Improvement Project (20-06) – Contingency Increase

Recommendation: A. Adopt a Resolution authorizing an increase in the construction contingency of \$451,573, with a finding that it is in the best interest of the City.

B. Authorize a supplemental appropriation and direct the Finance Director to make a budget transfer in the amount of \$451,573 from Unallocated Water Reserve Funds to CIP Account No. 1227 (Recurring WTP & Water Storage Improvements).

Fiscal Impact: \$451,573 – Account No. 971096 (Recoating Water Storage Reservoirs)

Purpose:

To provide reliable water service for City residents and businesses through maintaining water storage reservoirs in a state of good repair.

Background:

The City's water distribution system is interconnected with five reservoir booster stations holding a total of 13 million gallons, 4 million of which are stored at the Harter tank facility. The Harter tank facility was constructed in 2005 and is located on Harter Parkway between Butte House Road and State Route 20 (refer to attached location map).

The Harter tank facility is comprised of two, 2-million gallon water storage tanks and a booster pump station. Each of the two tanks are 120 feet in diameter, 25-foot high, and constructed of welded steel with interior and exterior ladders and a single roof hatch on each tank.

In response to reports completed by CSI Services and Potable Divers, Inc. identifying areas of blistering, delamination, rust and peeling in both tanks that exceed staff's ability to correct with "spot repairs", Council accepted staff's recommendation that the tanks be drained, cleaned, repaired, and recoated. On August 18, 2020, Council awarded a construction contract to Farr Construction, Inc. of Sparks, NV (Farr) to perform this work, a professional services agreement with Jacobs Engineering, Inc. of Sacramento, CA (Jacobs) to provide engineering services during

construction, and a professional services agreement with West Coast Coatings, Inc. of Albany, CA (WCC) to provide inspection and testing services during construction.

Analysis:

The project specifications call for the tanks to be pressure-washed, primed and painted. Construction started on September 21, 2020. To date, the exterior of both tanks have been coated and Farr has now shifted their efforts to recoating the interior of the tanks. The project has been progressing expeditiously. However, two significant unforeseen conditions have been uncovered with the existing coatings and one significant unforeseen structural issue has been identified with the roof rafters.

Latex Paint

Farr discovered that the existing finish coat of paint was latex applied over epoxy. Pressure washing removed some of the latex paint, but presented a condition of flaking and blistering. The new coating materials could not be applied to this unstable surface and, therefore, sandblasting the tanks was required. The additional cost to sandblast and wash the exterior of both tanks was \$148,425.

Salt Contamination

In accordance with the project specifications, Farr performed surface preparation and testing for certain chemical compounds to ensure proper adhesion of the coating. Testing determined that the interior of the first tank (currently out of service) has high salt readings. Staff has checked with Jacobs to see if it is possible to change to a different coating that does not require decontaminating the salt. There is not a product that they would recommend. Farr must therefore decontaminate the interior surface in order to satisfy the conditions of the coating warranty. Decontamination is considered extra work because there was no way to estimate the scope of work at bid time. Farr's estimated cost to decontaminate the interior surface is \$198,399. Jacobs has determined that these costs are reasonable and consistent with industry standards. It is reasonable to anticipate that once the second tank is taken out of service and tested, it will also require decontamination.

Roof rafters

The roof of each tank is supported by 35 I-beam rafters that are connected to a center plate supported by a column in the center of each tank. Farr discovered that several of the roof rafters have corroded at the center plate. Jacobs recommends repairing each of the roof rafter connections, which will require removing and replacing a portion of the roof, adding shims where necessary, seal welding all rafters to the center plate, and recoating the repair areas. The additional cost for this work is \$16,170 per tank. The second tank has been inspected and also requires repair of all roof rafter connections.

Fiscal Impact:

With the construction contract award, Council authorized a total construction cost for the project of \$1,661,890.00, which consists of the following components:

- \$ 1,259,900 – Contract Award Amount
- \$ 125,990 – Construction Contingency (10%)
- \$ 60,000 – Engineering Services During Construction
- \$ 106,000 – Special Coating Inspections and Testing
- \$ 50,000 – Contract Administration
- \$ 60,000 – Consultant Contingency

With the unforeseen discoveries of latex paint, salt contamination, and roof rafter deterioration, staff is requesting the following additional construction funding authorization:

\$	148,425	– Sandblasting both tanks to remove latex paint
\$	198,399	– Decontamination of Tank A interior
\$	198,399	– Decontamination of Tank B interior (estimated)
\$	16,170	– Repair Tank A roof rafter connections
\$	16,170	– <u>Repair Tank B roof rafter connections</u>
\$	577,563	– Total additional construction funding required
\$	125,990	– <u>Less previously authorized Construction Contingency</u>
\$	451,573	– Total additional authorization requested

Despite the unforeseen discoveries to date, the work is progressing expeditiously and staff is confident that there will be savings in the Engineering Services During Construction, Special Coating Inspections and Testing, and Contract Administration costs authorized by Council. It is therefore recommended to reserve the \$60,000 Consultant Contingency for possible additional construction needs.

Capital Improvement Program (CIP) Account No. 971227 (Recurring WTP & Water Storage Improvements) has a current available balance of approximately \$270,000. Staff recommends retaining this balance for unforeseen improvements required moving forward and transferring \$451,573 from Unallocated Water Reserve Funds to CIP Account No. 971227. There are approximately \$4,190,000 in Unallocated Water Reserve Funds available.

Alternatives:

There is no reasonable alternative to performing the additional work described in this staff report. Foregoing this work would void the coating warranty or compromise the structural integrity of the tanks.

Recommendation:

- A. Adopt a Resolution authorizing an increase in the construction contingency of \$451,573, with a finding that it is in the best interest of the City.
- B. Authorize a supplemental appropriation and direct the Finance Director to make a budget transfer in the amount of \$451,573 from Unallocated Water Reserve Funds to CIP Account No. 1227 (Recurring WTP & Water Storage Improvements).

Attachments:

- 1. Resolution – Authorizing an increase in the construction contingency

Prepared by:

/s/ Kevin Bradford
Kevin Bradford
Deputy Public Works Director – Engineering

Submitted by:

/s/ Diana Langley
Diana Langley
Interim City Manager

Reviewed by:

Finance
City Attorney

SM
SLC by email

ATTACHMENT 1

RESOLUTION NO.

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY
AUTHORIZING AN INCREASE IN CONSTRUCTION CONTINGENCY FUNDING FOR THE
HARTER TANKS PAINTING IMPROVEMENT PROJECT (20-06)**

WHEREAS, on August 18, 2020, the City of Yuba City (City) awarded a construction contract to Farr Construction Corp, dba Resource Development, in the total amount of \$1,259,900.00 for the Harter Tanks Painting Improvement Project, with the finding that it is in the best interests of the City; and

WHEREAS, with the award of said construction contract the City authorized a construction contingency amount of \$125,990; and

WHEREAS, upon commencing construction activities it was discovered that the existing finish coat of paint on both tanks was latex applied over epoxy that flaked and blistered upon pressure washing per the contract requirements, thus requiring sandblasting both tanks to create a suitable surface for applying the new coating materials; and

WHEREAS, upon performing surface preparation and testing for certain chemical compounds to ensure proper adhesion of the coating, it was determined that the interior of the first tank has high salt readings requiring decontamination of the interior surface in order to satisfy the conditions of the new coating warranty; and

WHEREAS, it is reasonable to anticipate that once the second tank is taken out of service and tested, it will also require decontamination; and

WHEREAS, there is no other coating product recommended that does not require decontaminating the salt; and

WHEREAS, unforeseen repairs to the roof rafter connections are required at the center plate of each tank; and

WHEREAS, the City's engineering consultant has determined that proposed costs for sandblasting, decontamination, and roof rafter connection repairs are reasonable and consistent with industry standards.

NOW, THEREFORE, be it resolved by the City Council of the City of Yuba City as follows:

1. The City Council finds that all of the facts set forth in the recitals above are true and correct and incorporated herein.
2. The City Council hereby authorizes an increase in the construction contingency of \$451,573, with a finding that it is in the best interest of the City.
3. The City Council hereby authorizes a supplemental appropriation and directs the Finance Director to make a budget transfer in the amount of \$451,573.00 from Unallocated Water Reserve Funds to CIP Account No. 1227 (Recurring WTP & Water Storage Improvements).

4. This Resolution shall become effective immediately.

The foregoing resolution was duly and regularly introduced, passed, and adopted by the City Council of the City of Yuba City at a regular meeting thereof held on the 15th day of December, 2020.

AYES:

NOES:

ABSENT:

ATTEST:

Marc Boomgaarden, Mayor

Ciara Wakefield, Deputy City Clerk

APPROVED AS TO FORM
COUNSEL FOR YUBA CITY:

Shannon Chaffin, City Attorney
Aleshire & Wynder, LLP