



## Agenda Report

21-503

Agenda Date: 1/12/2021

### REPORT TO COUNCIL

#### SUBJECT

Action on Change Order No. 4 for the Serra Substation Rebuild Project Contract No. 2104 with the Newtron Group and Related Additional Authorization

#### COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

#### BACKGROUND

On January 14, 2020 Council awarded Public Works contract (Contract No. 2104A) for the Serra Substation Construction Project (Project) to the Newtron Group for the bid price of \$4,987,510 plus a 10% contingency of \$498,751 for a total authorized contract amount \$5,486,261. The Serra Substation Construction Project is a rebuild of the existing Substation, which has obsolete equipment nearing the end of its useful service life. The rebuild will allow Silicon Valley Power (SVP) to continue to provide service to customers while improving service reliability and system redundancy. Work includes replacing existing single 16 MVA transformer bank and switchgear with two 20 MVA transformer bank design, new switchgear and control room that meets SVP's current standards. The site is physically constrained within the current lease of the property owner. The Public Works Contract consists of all required work to reconstruct the Serra substation at the existing location along Lawrence Expressway.

#### DISCUSSION

The Project is currently under construction with a focus on preparing the site for the arrival of the switchgear sections, transformers and breakers. Staff is requesting authorization to execute Change Order No. 4 to replace existing wood transmission poles with steel self-supporting transmission poles to mitigate field conflicts with new underground structures. Change Order No. 4 increases the authorized funding amount by \$715,512 for a contract total of \$6,201,773. Due to the confined construction area and associated COVID-19 work requirements, staff recommends using the Newtron Group as the prime contractor for this additional work activity. Use of multiple contractors working within the same work perimeter is logistically infeasible due to scheduling and workspace conflicts, especially when COVID-19 work requirements are considered. In addition, this change order will allow construction to be completed sooner, thereby reducing construction noise for the adjacent residential neighborhood and reducing project costs related to leasing the construction staging area. An earlier energization of Serra Substation will allow SVP to shift customers back to the Serra Substation, which reduces the risk that an outage would impact a large number of residential customers in the southwest section of the City.

In addition to the work associated with replacement of transmission poles, COVID-19 caused delays to procurement and delivery of City furnished switchgear and breakers has delayed the contractors schedule and increased Project costs. Staff is also mitigating impacts of unforeseen underground

utility and site conflicts which have required design changes within the constraints of the current land lease. Due to these issues the approved change orders to date and potential change orders are projected to consume the 10% authorized construction contingency. Significant uncertainty remains as the City was notified on November 20<sup>th</sup> that the facility manufacturing the breakers to be used at this site has been impacted by COVID-19 and, therefore, further schedule and cost impacts are anticipated. This uncertainty and the need to energize Serra Substation to restore the electric system to its normal reliable configuration before next summer, staff is requesting authorization for additional contingency for the contract in the amount of \$375,000 for a total contingency of \$873,751.

### **ENVIRONMENTAL REVIEW**

The actions being considered are exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines sections 15301(c) Class 2 - Replacement or Reconstruction) because this involve the replacement or reconstruction of existing utility systems involving negligible or no expansion of capacity.

### **FISCAL IMPACT**

The proposed Change Order No. 4 would increase the project cost by \$715,512 and the contingency amount would increase by \$375,000, resulting in a new not-to-exceed contract total of \$6,576,773. Sufficient funds are available in the Adopted FY 2020/21 Capital Improvement Program Budget in the Serra Substation Rebuild CIP Project.

### **COORDINATION**

This report has been coordinated with the Finance Department and City Attorney's Office.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>>.

### **RECOMMENDATION**

1. Authorize the City Manager to execute Change Order No. 4 for the Serra Substation Construction Project (Contract No. 2104A) with the Newtron Group in an amount up to \$715,512.; and
2. Authorize the City Manager to execute additional change orders for a total contingency authorization of up to \$873,751 and a total not-to-exceed amount of \$6,576,773 for Contract No. 2104A.

Reviewed by: Manuel Pineda, Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager

### **ATTACHMENTS**

1. Proposed Change Order No. 4
2. RTC 20-647 - Action on the Award of the Public Works Contract for the Serra Substation Construction Project