



City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: February 17, 2009

SUBJECT: Reduction in Construction Contract Retention Amount for the
Wastewater Treatment Plant Chemical Facilities and Miscellaneous
Improvements, Project No. 03-28

Report in Brief

On September 16, 2008, Council awarded a construction contract to RE Smith Contractor, Inc. for construction of the Wastewater Treatment Plant Chemical Facilities and Miscellaneous Improvements, Project No. 03-28.

The construction commenced in October 2008 and is over 50% completed. The contractor has submitted a request, with the concurrence of the construction manager, to the City to reduce the amount withheld with each monthly progress payment to zero, with the understanding that the amount currently withheld is at least 5% of the total contract amount, in accordance with the Public Contract Code Section 9203(a). Based on the satisfactory progress made on this project by the contractor, staff believes this request will not adversely impact the project should be favorably considered.

Staff recommends that the City Council authorize reduction of the retention amount withheld with the condition that a minimum of 5% of the total contract amount is withheld and full payment be made for remaining progress payments as described herein.

Background

The WWTP Expansion, Tertiary Improvements, and Flood Protection combined project was completed on March 18, 2008 when the City Council accepted the improvements. Subsequently, staff identified additional improvements to the facility, which would improve functionality and complete work that did not get done with the larger project. Those improvements are included in the Wastewater Treatment Plant Chemical Facilities and Miscellaneous Improvements, Project No. 03-28. On September 16, 2008, Council awarded a construction contract to RE Smith Contractor, Inc. and the work has been underway since October 2008.

Discussion

The Contract Documents, Section G-4a require the City pay the contractor 90% of the amount of each monthly progress payment. The 10% retention is withheld by the City to ensure performance under the contract. Any request to reduce retention must comply with the provisions of Public Contract Code (PCC) Section 9203(a), which stipulates “the City shall withhold not less than 5% of the contract price until final completion and acceptance of the project.” This PCC section requires that the legislative body (City Council) take action to reduce the amount of retention. It also allows, at any time after 50% of the work has been completed, if the City Council finds that satisfactory progress is being made, the City may make any of the remaining progress payments in full for actual work completed.

The construction commenced in October 2008 and is more than 50% completed. The contractor has submitted a request to the City to reduce the amount withheld on future progress payments. The Construction Manager from ECO: Logic concurs in a letter dated January 20, 2009, based on the contractor’s steady performance and the good quality of work.

Construction is scheduled to be completed in April 2009. Given the contractor’s performance and the anticipated completion of this project in the next 60 days, staff believes that there is no increased risk to the City in association with this action.

Fiscal Impact

The current construction contract amount is \$507,839. The amount withheld by the City is \$32,660, or 6.4% of the contract amount. If the reduction is approved, the City would reduce the total retention to about \$25,400; this amount may vary dependent on the value of approved change orders.

Public Contact

Posting of the City Council agenda.

Recommendation for Action

Staff recommends that the City Council authorize reduction of the retention amount withheld with the condition that a minimum of 5% of the total contract amount is withheld and full payment be made for remaining progress payments as described herein.

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