



DEPARTMENT OF UTILITIES

Department of Utilities
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MEMORANDUM

Date: May 6, 2026

To: Chairperson Denise Fenton and Members of the Finance Committee

CC: Ryan Rice, Deputy Director of Utilities
Jeri Ohman, Enterprise Accounting Fund Manager

From: Chris Stempa, Director of Utilities

Subject: **Information: Contract Amendment #2 to McMahon for Water Treatment Facility Bulk Hypochlorite Tank Replacement Project for additional design and construction management services in the amount of \$8,000 increasing the contract amount from \$29,000 to \$37,000**

BACKGROUND:

A special Finance Committee meeting was held on February 5, 2025 to approve a resolution that would allow for the emergency replacement of three 11,000-gallon fiberglass-reinforced plastic (FRP) bulk storage tanks. A contract executed with McMahon to assist Utilities Department management with project design, procurement, and construction-phase support. Contract Amendment #1 approved by Common Council in January 2026 totaled \$5,000 was a result of substantial changes in tank configuration and design required to accommodate the least cost approach to bulk tank replacement.

The first two (of four) replacement bulk tanks were successfully installed in April with formal commissioning scheduled for early May.

AMENDMENT #2 JUSTIFICATION

Contract Amendment #2 is necessitated by a combination of project impacts that were outside the original scope and schedule assumptions at the time of contract execution.

First, the FRP tanks experienced extended procurement lead times increasing from the originally anticipated delivery window to an additional two to three months. These delays are attributable to supplier constraints and market conditions beyond the control of the Contractor and/or Engineer. As a result, the overall project schedule has been impacted, requiring extended coordination, contract administration, and project oversight.

Second, Utilities Department Management has directed modifications to the original design during the course of the project. These changes required McMahon to revise plans, specifications, and

supporting documentation, as well as coordinate with the Contractor to ensure constructability and compliance. These efforts represent additional services not included in the original scope.

Third, due to both the extended schedule and evolving field conditions, an increased level of site inspections has been required. McMahon has provided additional construction observation visits to verify installation, address unforeseen conditions, and support timely decision-making.

Finally, the preparation of comprehensive as-built documentation has required additional effort due to the cumulative impact of design changes, field adjustments, and extended construction duration. This includes the review and incorporation of contractor redlines, verification of installed conditions, and final documentation for project closeout.

Collectively, these factors have resulted in additional engineering time and resources beyond those originally anticipated. This change order, totaling \$8,000 reflected in the contract amendment, is intended to compensate for the increased scope of services required to successfully deliver the project.

FUNDING SOURCE

The contract amendment will be funded by the 2026 Caustic Chemical System CIP.

If you have any questions or require additional information regarding this project, please contact Chris Stempa at 920-832-5945.