



# STAFF REPORT – CITY COUNCIL MEETING

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May 21, 2025

**TO:** Honorable Mayor and City Council Members

**FROM:** Netra Khatri, City Engineer

**PREPARER:** Mara Grow, Administrative Specialist

**DATE:** May 13, 2025

**TITLE:** **Approve an Amendment to the Contract for Phase 1 of the Arcata Wastewater Treatment Facilities Upgrade Project with Wahlund Construction, Inc. in the Amount of \$750,000; and Authorize the City Manager to Execute All Applicable Documents.**

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## **RECOMMENDATION:**

It is recommended that the Council:

- 1) Approve an amendment to the contract for Phase 1 of the Arcata Wastewater Treatment Facilities Upgrade Project with Wahlund Construction, Inc. in the amount of \$750,000; and
- 2) Authorize the City Manager to execute all applicable documents.

## **INTRODUCTION:**

The City of Arcata began construction of one of the largest capital improvement projects in the City's history—the Arcata Wastewater Treatment Facilities Upgrade Project. The total project cost for Phase 1 of the improvements is approximately \$67 million— \$2.4 million funded via the Community Development Block Grant (CDBG) program, a small portion via City's Wastewater Fund, and the remainder funded via the State Water Resources Control Board Clean Water State Revolving Fund (SRF) program.

In August 2022, the City awarded a contract to Wahlund Construction Inc. (WCI) in the amount of \$51,495,000.57, with an additional 6% Change Order Contingency to cover unforeseen conditions and extra work. To date, approximately 84% of the work has been completed, and completion is on track for December 2025.

For a project of this scale and complexity, a 6% Change Order Contingency is typical. The industry standard for contingency and CCOs is generally between 8–10% of the construction cost. Our project team has worked diligently to keep the contingency below that range. However, due to the nature of the reconstruction of an existing facility—and some unforeseen conditions, we anticipate that the contingency amount will need to be adjusted prior to project completion. Based on current projections, we expect the final contingency usage to remain under 7%. The requested amendment approval is for the amount up to 7% of the bid amount for the contingency work.

**BACKGROUND:**

The City of Arcata (City) Wastewater Treatment Facility (AWTF) currently discharges treated wastewater to Humboldt Bay in conjunction with enhanced treatment occurring in the Arcata Marsh Wildlife Sanctuary (AMWS). Discharges are regulated by the North Coast Regional Water Quality Control Board (RWQCB) through the application of the AWTF National Pollutant Discharge Elimination System (NPDES) permit, which includes requirements for operation and maintenance, treatment standards, monitoring, discharge location, and water quality standards. In the 2012 AWTF NPDES permit, the RWQCB included requirements to make changes to the treatment system due to compliance problems associated with discharged water quality. The intent of the required changes is to improve the wastewater treatment process, protect beneficial uses, and reduce chemical disinfection usage. The City completed a Facilities Plan in 2017 for the AWTF that developed four potential options for upgrading the AWTF. Following a number of public meetings, the City Council chose to pursue an AWTF upgrade project option that retained the natural treatment systems of the current AWTF. Effective December 1, 2019, the RWQCB adopted and issued the City’s latest NPDES permit for wastewater discharge. Concurrently, the RWQCB issued the City a Time Schedule Order with compliance schedules to complete the AWTF Facilities Upgrade Project to address ongoing discharge violations and treatment deficiencies at the AWTF, which mostly arise from new, stricter water quality standards and byproducts associated with chlorine disinfection. Phase 1 of the AWTF Upgrade Project will address these immediate needs by replacing aging treatment plant infrastructure and installing a new UV disinfection system.

**ENVIRONMENTAL REVIEW (CEQA):**

City staff completed the required environmental review documents pursuant to both State (CEQA) and Federal (NEPA) requirements. The Notice of Determination was filed in December 2020 (State Clearinghouse 2020100483). Additionally, the California Coastal Commission approved a Coastal Development Permit for the project at their September 2022 hearing.

**BUDGET/FISCAL IMPACT:**

The cost associated with this contract amendment is eligible for reimbursement through SRF. The contract amendment amount will not be expended until Fiscal Year 25-26 and staff has budgeted this amount for the FY 25-26 as follows:

WWTP Construction                      \$750,000                      Account 662-70-65-57601

**RECOMMENDED COUNCIL ACTION:**

Motion to approve an amendment to the contract for Phase 1 of the Arcata Wastewater Treatment Facilities Upgrade Project with Wahlund Construction, Inc. in the amount of \$750,000; and authorize the City Manager to execute all applicable documents. Consent Calendar vote.