



Administrative Report

H.6., File # 25-1650

Meeting Date: 1/20/2026

To: MAYOR AND CITY COUNCIL
From: ANDREW WINJE, PUBLIC WORKS DIRECTOR

TITLE

ACCEPT AS COMPLETE THE PORTOFINO WAY SEWER PUMP STATION PROJECT, JOB NO. 50210 AND YACHT CLUB WAY SEWER PUMP STATION PROJECT, JOB NO. 50260, AUTHORIZE THE CITY ENGINEER TO FILE A NOTICE OF COMPLETION FOR THE PROJECTS WITH THE LOS ANGELES COUNTY REGISTRAR-RECORDER, AND AUTHORIZE THE RELEASE OF RETENTION UPON EXPIRATION OF THE 35-DAY LIEN PERIOD AFTER SAID RECORDATION AND NO CLAIMS BEING FILED ON THE PROJECT AND ACKNOWLEDGE THE ASSESSMENT OF LIQUIDATED DAMAGES FOR 277 DAYS

EXECUTIVE SUMMARY

On December 6, 2022, the City Council approved plans and specifications for the Portofino Way and Yacht Club Way (YCW) Sanitary Sewer Pump Stations, Job Nos. 50210 and 50260, respectively. These improvement projects were identified as high-priority upgrades in the City's wastewater capital program due to aging infrastructure, declining system reliability, and updated regulatory compliance requirements. Both projects also required significant efforts to dewater the sites, as prescribed under a permit issued by the Regional Water Quality Control Board. The projects were bid together under a single construction contract, and, on April 18, 2023, the City awarded the construction contract to Mehta Mechanical Company, Inc. (MMC) in the amount of \$7,514,000.

Construction of the Portofino Way Sewer Pump Station has been completed to the extent required for administrative acceptance, and the facility has been placed into service. Work at the YCW Pump Station did not advance beyond early excavation due to a disagreement over project execution. MMC submitted a substantial change-order request and a subsequent formal claim asserting differing site conditions and expanded dewatering requirements beyond the bid documents. Staff evaluated the request in the context of project feasibility, funding availability, and risk exposure. Based on this review, staff did not agree to the request and the contractor refused to perform the remaining work included in the contract. Eventually, following correspondence with the contractor, the YCW Pump Station scope of work was removed from the contract through Change Order No. 3.

There were other changes to the contract during construction as well. Change Order Nos. 1 through 4 were executed to address necessary field-level adjustments and contract reconciliation, including the removal of the remaining YCW bid items. The result of these change orders was a decrease in contract value of \$5,562,815. In addition, based on the final approved Weekly Statement of Working Days, the City determined that MMC exceeded the adjusted contract duration by 277 working days for the Portofino portion of the project. Liquidated damages apply for each unexcused day of delay in

accordance with the Contract Documents. The City will assess these against the retention held, unless otherwise negotiated in the claim settlement. Acceptance of the Portofino Way and Yacht Club Way (YCW) Sanitary Sewer Pump Stations, Job Nos. 50210 and 50260 does not waive or impair the City's rights with respect to the pending claim.

MMC submitted a formal claim, dated October 10, 2025, which remains under review pursuant to the Contract Documents and applicable public works statutes.

Approval of this item will authorize the City Engineer to file a Notice of Completion with the Los Angeles County Registrar-Recorder and proceed with final administrative and financial closeout of the project. Following expiration of the statutory 35-day lien period, and after deduction of liquidated damages and any other authorized adjustments, the remaining retention will be released provided no claims or stop payment notices are filed against the contractor.

BACKGROUND

The Portofino Way and YCW Sewer Pump Station Projects were initiated to replace two aging wastewater pumping facilities serving the King Harbor area. Both stations had reached the end of their useful service life and exhibited structural, mechanical, and operational deficiencies. The approved project scope included construction of new wet and dry-well structures; installation of upgraded pumps, valves, piping, and appurtenances; modernization of electrical, mechanical, HVAC, and SCADA systems; installation of new control panels and instrumentation; force main realignment; dewatering and shoring operations; trenching, excavation, and associated surface restoration. Environmental review was completed under CEQA categorical exemptions, and the Notice to Proceed was issued on October 23, 2023.

Construction at the Portofino Way Pump Station advanced through all required phases, including excavation and shoring, reinforced structural concrete work, installation of pumping and mechanical systems, electrical and SCADA integration, HVAC and ventilation improvements, and full system testing and commissioning. Throughout construction, the City coordinated with operational staff to maintain continuous wastewater service. The upgraded facility is now operational and provides improved safety, reliability, and long-term service capacity for the City's wastewater system.

Work at the YCW Pump Station, however, did not progress beyond initial mobilization and partial excavation. Once excavation reached groundwater levels, MMC submitted a substantial change-order request alleging differing site conditions and expanded dewatering requirements not reflected in the bid documents or covered by available contingency. The scale and cost implications of this proposal, combined with MMC's subsequent formal claim, introduced significant uncertainty regarding the feasibility, cost, and schedule of continuing construction at the YCW site.

To avoid proceeding under disputed conditions that could expose the City to unknown financial or operational risks, staff reevaluated the YCW Pump Station scope in the context of project priorities, long-term capital planning, funding availability, and anticipated traffic and access impacts along YCW. Based on this reassessment, the City issued Change Order No. 3 as a deductive change order removing all remaining YCW bid items from the contract. Bid-item reconciliation documenting these adjustments is included with the change order.

In addition to Change Order No. 3, the City approved Change Order Nos. 1, 2, and 4 to address

necessary field adjustments at the Portofino site. These changes included resolving unforeseen underground utility conflicts, providing mechanical and electrical clarifications, coordinating structural revisions, and liquidating the shoring materials that remain in place protecting the YCW excavation. These modifications reflect typical adjustments needed to maintain progress and respond to conditions encountered during the project.

Based on the final Weekly Statement of Working Days, MMC exceeded the adjusted contract time by 277 days for the Portofino portion of the project. Under the Contract Documents, liquidated damages of \$1,000/day apply for each unexcused day of delay and offset extended City costs related to construction management, inspection, and administrative support.

MMC submitted multiple correspondence items throughout construction and later a formal claim dated October 10, 2025, asserting various project-related impacts. This claim is being processed under the procedures outlined in the Contract Documents and applicable public works statutes, but is separate from the administrative actions recommended in this report.

With the Portofino Way Pump Station construction complete and the YCW work removed from this contract, through an approved deductive change order, the Portofino Pump Station and YCW Pump Station project contract work is now complete and recommended for City Council to accept as complete and authorize the City Engineer to file a Notice of Completion with the Los Angeles County Registrar-Recorder's Office. Approval of the staff recommendation will conclude the administrative closeout of the project construction contract, and authorize release of the remaining retention payment in 35 days, less appropriate assessments, assuming no additional claims are made against the project contractor.

COORDINATION

This project was coordinated with the Public Works Engineering and Maintenance Services Divisions. Processing of the claim filed by the contractor is being coordinated with the Human Resources Department and the City Attorney's Office.

FISCAL IMPACT

Funding	Expenditures	Portofino Pump Station #50210	\$4,887,873.69	MMC
Contract Portofino #50210	\$4,427,574.92	YCW Pump Station #50260		
\$1,522,922.67	MMC Contract #50260	\$3,086,425.08	Yacht Club Way Pump	
Station Reduction #50260	(\$1,948,184.61)	Accenture Infrastructure Capital		
Projects, LLC (CM and Inspection)	\$ 799,269.97	Project Management	\$ 45,711	
Total	\$6,410,796.36	Total	\$6,410,796.36	

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Change Orders 1 through 4
- Exhibit K - Contractors Waiver and Affidavit

- Project Location Map - Yacht Club Way
- Project Location Map - Portofino Way