File #: CC-19-796, **Version:** 1

For City Council Meeting [August 13, 2019]

TO: Honorable Mayor and City Council

APPROVAL: Rod Foster, City Administrator

FROM: Sean Grayson, Acting Public Works Director

Request City Council to Approve Contract Change Order Nos. 1, 2, and 3 in the amount of $240,000.64 for the Alder Avenue and Randall Avenue Street Improvements Project, City Projects 140801/140809.
(ACTION)

BACKGROUND:
On March 12, 2019, the City Council awarded a construction contract to J.M. Olvera Engineering, Inc, in the amount of $4,721,521.74 for the Alder Avenue and Randall Avenue Street Improvements Project, City Project Nos. 140801/140809.

ANALYSIS/DISCUSSION:
At the time of award, there was no delegation of authority to the City Administrator to approve contract change orders. During construction, the need for contract change orders arose for two (2) primary reasons. The first was unforeseeable subsurface conditions encountered during construction. The second, was additional work items that were not addressed in the construction plans and specifications. In order to avoid the potential delay, costs associated with stopping the work and to ensure delivery of an acceptable final product, staff directed the contractor to proceed with several work items not covered by the awarded contract.

Contract Change Orders No. 1, 2 & 3 for $240,000.64 reflects both a change due to an unforeseeable condition (catch basin modification due to an unknown subsurface utility conflict) and an additional work item (necessary tree removals not included in the construction documents.

The cost of each CCO is listed in Table 1 below:

Table 1

CCO No.	Amount
1	$23,781.89
2	$81,895.75
3	$134,323.00
Total Amount	**$240,000.64**

In addition to items covered by Contract Change Order No. 1, 2, & 3, other change order items have

been identified and their associated costs are currently being reviewed and evaluated for future Council consideration and approvals. The additional change order items and estimated costs are summarized below:

1. RFP-001: In order to maintain the Temporary Construction Easement (TCE) agreements expiration date on September 1, 2019, the work was accelerated to an earlier completion date to avoid additional property valuations. The original construction schedule reflected a start date of November 2019. The re-sequencing of the work resulted in additional cost in the amount of **$8,235.46.**

2. RFP-001: The contract plans and specifications did not address the abandonments of the water service where the corporation (corp) stop was found to be vertical as opposed to the design location of 45 degrees off springline. The additional work resulted in additional cost to the contract in the amount **$8,241.85.**

3. RFP-004: Unidentified utilities were discovered that were within the profile of the Storm Drain lateral located at approximate Randall station 120+50. The profile was changed to avoid a gas line and later identified as an abandoned gas line. The additional work resulted in additional cost to the contract in the amount **$3,695.46.**

4. RFC-001: Additional trees were removed at 520 W. Randall Avenue that was not shown on the demolition plan. The additional work resulted in additional cost to the contract in the amount of **$3,609.12.**

A copy of Contract Change Order No. 1 and justification memo are included as **Attachment 1 &2**.

The following is a list of Change Orders 2 & 3 that requires Council approval before any additional work can be authorized:

1. RFP-003: The contractor found that the existing elevation of the storm drain is different from the approved plans. The storm drain was redesigned to be installed at a lower depth to avoid having the manhole higher than the existing street elevation. The change resulted in additional construction costs for new grades, additional excavation, new laterals, cast in place drainage junction boxes, and K-rail setup to protect traffic from open excavation. A credit was applied to the total amount to reflect the original bid amount for the drainage boxes. The additional work will result in additional cost to the contract in the amount of **$81,895.75.** A copy of Change Order No 2 and justification memo are included as **Attachments 3 & 4.**

2. RFP-005: City staff has requested, from the contractor, to identify areas for possible sidewalk, curb and gutter improvements that were not included on the approved street improvements plans. The additional work will result in additional cost to the contract in the amount of **$134,323.00.** The approved plans included only installing sidewalk, curb, and gutter in the unimproved areas along Randall Avenue. A copy of Change Order No 3 and justification memo are included as **Attachments 5 & 6.**

There are no contingency funds authorized for the project. The total amount of all contract change orders requested is 5% of the awarded contract amount.

ENVIRONMENTAL IMPACT:

The City prepared an Initial Study and Mitigated Negative Declaration (IS/MND) for the Randall Avenue Widening Project. The City circulated the Initial Study for public review and comment for a 30-day period, from May 3, 2015 to June 3, 2015. The City did not receive any comments. The Development Review Committee reviewed the Randall Avenue Widening and approved a Mitigated Negative Declaration on May 3, 2017. On May 3, 2017, the City filed a Notice of Determination (NOD) with the County Clerk. Copies of the IS/MND and NOD are included as **Attachments 7 & 8.** The City prepared an Initial Study and Mitigated Negative Declaration (IS/MND) for the Alder Avenue Widening Project. The City circulated the Initial Study for public review and comment for a 30-day period, from June 16, 2015 to July 16, 2015. The City did not receive any comments. The Development Review Committee reviewed the Alder Avenue Widening and approved a Mitigated Negative Declaration on June 16, 2015. On June 17, 2015, the City filed a Notice of Determination (NOD) with the County Clerk. Copies of the IS/MND and NOD are included as **Attachments 9 & 10.**

GENERAL PLAN CONSISTENCY:

This action is consistent with Guiding Principle 3A in the General Plan:

Our City government will lead by example, and will operate in an open, transparent, and responsive manner that meets the needs of the citizens and is a good place to do business.

Approval of this action also complies with the City of Rialto General Plan Goal and Policies:

Goal 3-6: Require that all developed areas within Rialto are adequately served with essential public services and infrastructure.

Goal 3-7: Upgrade public infrastructure as an inducement to promote private investment.

Goal 4-1: Provide transportation improvements to reduce traffic congestion associated with regional and local trip increases.

LEGAL REVIEW:

The City Attorney has reviewed this staff report and supports the recommendation.

FINANCIAL IMPACT:

Funds are budgeted and available in the Transportation Impact Fund Account No. 250-500-4312-3001-140809-22 for the increase of $240,000.64 for the Randall Avenue Street Improvements shown in **Table 2.**

Table 2 - Funding and Expense Information

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Sources of Funds							
Alder/Randall Street Improvements-Project No's (140801, 140809)	**Budget Combined Projects**	**Encumbered / Expended To Date**	**Construction Award**	**Available Budget**	**Proposed Budget Allocation**	**Balance Remainig**	
Funds	$ 8,065,622	$ 4,123,429	$ 2,628,512	$ 1,313,681	$ 240,001	$ 1,073,680	
SB-1 Grant Funds	$ 2,291,000	$ -	$ 2,291,000	$ -		$ -	
General Funds	$ 2,369,928	$ 560,610	$ -	$ 1,809,318		$ 1,809,318	
Storm Drain Development Impact Funds	$ 1,152,160	$ 1,152,160	$ -	$ 0		$ 0	
Measure I	$ 1,113,000	$ 1,137,129	$ -	$ (24,129)		$ (24,129)	
Total Sources of Funds	**$ 14,991,710**	**$ 6,973,328**	**$ 4,919,512**	**$ 3,098,870**	**$ 240,001**	**$ 2,858,869**	
Uses of Funds							
Alder/Randall Street Improvements-Project No's (140801, 140809)	**Budget Combined Projects**	**Encumbered / Expended To Date**	**Construction Award**	**Available Budget**	**Proposed Budget Allocation**	**Total Budget Remaining**	**% of Total Budget / Account No**
Subtotal Soft-Budget/Costs	**$ 4,259,302**	**$ 3,999,334**	**$ 197,990**	**$ 61,978**	**$ -**	**$ 61,978**	**28%**
Design-Alder	$ 949,000	$ 898,456	$ 43,630	$ 6,914		$ 6,914	250-500-4312-3001
Design-Randall	$ 770,000	$ 805,646		$ (35,646)		$ (35,646)	201-500-4310-3001
Design-Randall	$ 160,000	$ -	$ 154,360	$ 5,640		$ 5,640	250-500-4312-3001
Right of Way Acquisition-Alder	$ 1,120,000	$ 1,118,302		$ 1,698		$ 1,698	250-500-4312-3001
Right of Way Acquisition-Randall	$ 263,000	$ 263,545		$ (545)		$ (545)	201-500-4310-3001
Administration-Alder	$ 50,000	$ 38,055		$ 11,945		$ 11,945	250-500-4312-3001
Administration-Randall	$ 80,000	$ 67,938		$ 12,062		$ 12,062	201-500-4310-3001
Overhead Allocation-Alder	$ 140,000	$ 139,470		$ 530		$ 530	250-500-4312-3001
Overhead Allocation-Randall	$ 40,000	$ 37,340		$ 2,660		$ 2,660	250-500-4312-3001
Construction Support-Alder	$ 33,302	$ 1,562		$ 31,740		$ 31,740	250-500-4312-3001
Construction Support-Randall	$ 54,000	$ 44,728		$ 9,272		$ 9,272	250-500-4312-3001
Construciton Management: Alder	$ 300,000	$ 292,146		$ 7,854		$ 7,854	250-500-4312-3001
Construciton Management: Randall	$ 300,000	$ 292,146		$ 7,854		$ 7,854	250-500-4312-3002
Subtotal Construction Budget/Costs:**	**$ 10,732,408**	**$ 2,973,994**	**$ 4,721,522**	**$ 3,036,892**	**$ 240,001**	**$ 2,796,891**	**72%**
Transportation Dev Impact Funds (Alder)	$ 3,286,320	$ 1,184,517	$ 1,215,261	$ 886,542		$ 886,542	250-500-4312-3001
(Randall)	$ 1,633,000	$ 76,707	$ 1,215,261	$ 341,032	$ 240,001	$ 101,031	250-500-4312-3001
SB-1 Grant Funds	$ 2,291,000	$ -	$ 2,291,000	$ -		$ -	203-500-7305-3001
General Funds (Alder)	$ 2,369,928	$ 560,610		$ 1,809,318		$ 1,809,318	300-500-4267-3001
Storm Drain Dev Impact Funds (Alder)	$ 1,152,160	$ 1,152,160		$ 0		$ 0	230-500-4720-3001
RDA Bond Funds	$ -	$ -		$ -		$ -	302-500-1799-3001
Construction (Randall)							
CCO NO.1					***$ 23,782***		
CCO NO.2					***$ 81,896***		
CCO NO .3					***$ 134,323***		
Total Uses of Funds	**$ 14,991,710**	**$ 6,973,328**	**$ 4,919,512**	**$ 3,098,870**	**$ 240,001**	**$ 2,858,870**	**100%**
NOTE: Construction expenditures to date includes cost incurred in the Alder Phase I Project.							

RECOMMENDATION:

Staff recommends that the City Council Approve Contract Change Order Nos. 1, 2 and 3 in the amount of $240,000.64 for the Alder Avenue and Randall Avenue Street Improvements Project, City Projects 140801/140809 and authorize the City Administrator to execute these contract change orders.