



## Legislation Details (With Text)

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**Title:** City Council consideration of the Contract Change Orders and various Amendments to Professional Service Agreements related to the construction of the Corona Storm Drain Line 52, Project No. 04-0110 in the total amount of \$672,327.

**Sponsors:**

**Indexes:**

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Date	Ver.	Action By	Action	Result
9/19/2018	1	City Council	accepted	Pass

### AGENDA REPORT REQUEST FOR CITY COUNCIL ACTION

**DATE:** 9/19/2018

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

**FROM:** Public Works Department

**SUBJECT:**

City Council consideration to approve Contract Change Orders and various Amendments to Professional Service Agreements related to the construction of the Corona Storm Drain Line 52, Project No. 04-0110 in the total amount of \$672,327, a Project for which the Riverside County Flood Control and Water Conservation District is reimbursing the City for virtually all costs plus the City's administrative expenses; Increase revenue estimates in the amount of \$1,717,415 and appropriate the same amount in the Public Works Transportation Grants/Agreement Fund; Authorize the City Manager to approve and execute any amendments to the Cooperative Agreement with the District which are necessary to reflect increases in the amounts for which the District is obligated to reimburse the City.

**RECOMMENDED ACTION:**

That the City Council:

1. Approve and authorize the Public Works Director to execute a Contract Change Order in the

amount of \$379,897 to Mamco, Inc., dba Alabbasi, the contractor constructing the Corona Storm Drain Line 52, Project No. 04-0110.

2. Approve and authorize the City Manager, or his designee, to execute the First Amendment to the Professional Services Agreement with FCG Consultants, Inc., to increase the compensation by \$134,160 to provide construction management and inspection services for the construction of Corona Storm Drain Line 52, Project No. 04-0110.
3. Approve and authorize the City Manager, or his designee, to execute the Fourth Amendment to the Professional Services Agreement with GeoMat Testing Laboratories, Inc., to ratify its extension to December 31, 2018 and direct GeoMat to perform up to an additional \$56,270 in materials testing services for the construction of Corona Storm Drain Line 52, Project No. 04-0110.
4. Approve and authorize the City Manager, or his designee, to execute the First Amendment to the Professional Services Agreement with K&A Engineering, Inc., to increase the compensation by \$102,000 to provide design services for the construction of Corona Storm Drain Line 52, Project No. 04-0110.
5. Increase revenue estimates in the amount of \$1,717,415 in the Public Works Transportation Grants/Agreement Fund (Fund 243), appropriate the same amount for the Project (CIP 62910) in the same fund, and decrease the appropriation from Storm Drain Development Fee Fund 212 by \$868,224 and Measure A Fund 227 by \$397,133.
6. Authorize the Purchasing Manager to issue a Change Order to Purchase Order P20531 to Mamco, Inc., dba Alabbasi in the amount of \$379,897, for a total amount of \$5,314,214, which represents a cumulative total construction cost increase of 22.6 percent.
7. Authorize the Purchasing Manager to issue a Change Order to Purchase Order P19801 to FCG Consultants, Inc. in the amount of \$134,160, for a total amount of \$466,280, which represents a contract cost increase of 40.4 percent.
8. Authorize the Purchasing Manager to issue a Change Order to Purchase Order P20517 for GeoMat Testing Laboratories, Inc. and authorize the expenditure of up to \$56,270 for Project No. 04-0110.
9. Authorize the Purchasing Manager to issue a Change Order to Purchase Order P18633 to K&A Engineering, Inc. in the amount of \$102,000, for a cumulative total amount of \$356,265, which represents a contract cost increase of 154.5 percent.
10. Authorize the City Manager, or his designee, to enter into an amendment to the Cooperative Agreement with the Riverside County Flood Control and Water Conservation District to effectuate up to \$2,149,470 (including the City's 20 percent administrative oversight) in Additional Costs for which the District is responsible to pay to the City pursuant to the Cooperative Agreement and which are related to the other recommended actions herein, as well as additional bid costs and a prior change order with Mamco, Inc. The amendment shall be approved as to form by the City Attorney.

## ANALYSIS:

## Project

On February 16, 2011, the City entered into a Cooperative Agreement with the Riverside County Flood Control and Water Conservation District (District) authorizing receipt of reimbursement funds from the District for the vast majority of the design and construction of the Corona Storm Drain Line 52 Project (Project) (“Cooperative Agreement”). The Project includes construction of a new master plan storm drain facility on Joy Street between Grand Boulevard and the Temescal Channel, and on Grand Boulevard, between Howard Street and Third Street. Street Improvements within Joy Street will include removal and replacement of damaged sidewalks, driveway approaches, curbs, and gutters; retrofitting of existing curb ramps to meet the requirements of the Americans with Disabilities Act; and pavement rehabilitation to the full width of Joy Street to provide a smoother travel surface for motorists and pedestrians.

The City is responsible for paying for only a small portion of the Project, which is not within the District’s scope of authority, including removing and replacing pedestrian curb ramps, existing damaged sidewalks, curbs, and gutters; constructing City catch basins with 12-inch reinforced concrete pipe (RCP) and Junction Structure No. 2; repaving the full width of cold-milled pavement; pavement striping and marking; and a video camera detection system. The amount for which the City is directly responsible is currently estimated to be approximately \$379,254, and the District will reimburse the City for the remaining amount as further discussed below.

## Construction Challenges

Construction of the Storm Drain began in July 2017, starting at Temescal Channel and progressing southerly onto Joy Street. Several conflicts arose during the excavation of the trench for placement of the storm drain pipe. The most significant and costly conflict was due to a Southern California Edison (SCE) duct bank incorrectly shown on the as-built information provided by SCE. The actual location of the SCE duct prompted the modifications of the plans to construct the storm drain around the SCE duct.

This conflict resulted in suspension of construction for a period of 95 days. During this time, City staff, District staff, and the designer of record worked on the re-design of the storm drain pipeline. Additional exploratory excavations were performed to verify the location of existing utilities and to confirm the location of the re-alignment of the storm drain. The new alignment has since been constructed and involved extensive removal of concrete curb, gutter, sidewalk, realignment of the sewer force main, street light relocation, and traffic signal work.

Subsequent conflicts with AT&T underground facilities and other utilities resulted in delays, construction inefficiencies, and additional work to backfill the trench until the status of active utilities were resolved and conflicting buried objects were removed. This subsequently required additional materials testing, construction inspection, and design services.

The contractor has worked dual-shifts where feasible to recover time loss due to the delays noted above in an effort to complete the project before the next storm season. Similarly, GeoMat Testing Laboratories, Inc. has agreed to charge a lower day-rate for materials testing services provided by their technician due to the increased scope of the work beyond the original contract for the project. Trench construction is being performed at night for specified portions of the project.

## Prior Change Orders/PSA Amendments

Within staff's contract/change order authority provided by Corona Municipal Code (CMC) Chapter 3.08 (Purchasing Regulations), City staff has negotiated and approved multiple change orders with the contractor due to the extra work created by the numerous utility conflicts, subsequent design changes and consequential rework, and additional work necessary to continue the construction of the storm drain. Under the same authority, staff has also negotiated and approved amendments to the Professional Services Agreements (PSA) with K&A Engineering (Designer) and FCG Consultants (Construction Manager) for the extra work required to provide these essential support services to keep construction of the storm drain moving forward. With respect to the on-call PSA with GeoMat Testing Laboratories, Inc. (Materials Testing), on January 4, 2017 the City Council increased the compensation to be paid thereunder to \$300,000 through July 31, 2017. Thereafter, staff entered into the Third Amendment to the PSA with GeoMat to extend the term of the PSA to December 31, 2018. While staff did not have the express delegated authority to extend that particular PSA, the PW Director did have authority to enter into a PSA with GeoMat for up to \$125,000. Less than \$100,000 has been expended in any fiscal year under the PSA since the Council's increase on January 4, 2017. With the addition of the \$56,270 as part of the recommended actions, staff is asking the Council to ratify the extension to December 31, 2018 and authorize the \$56,270 to be expended thereunder on the Project.

#### Current Change Order/PSA Amendments

The recommended actions herein are beyond the staff's contract/change order authority provided by CMC Chapter 3.08 (Purchasing Regulations). Staff recommends approval of the requested negotiated contract change order with Mamco, Inc., as well as the PSA amendments with FCG Consultants, Inc., GeoMat Testing Laboratories, Inc., and K&A Engineering, Inc. for services to complete the construction of the storm drain. Per the Cooperative Agreement with the District, the District is obligated to reimburse the City for all design and construction costs, as well as 20 percent to cover the City's construction support and administrative costs. As discussed further below under the District Cooperative Agreement Amendments, the negotiated estimated costs and the City's 20 percent administrative overhead have also been reviewed and discussed with the District staff to ensure their concurrence with the extra costs, the City's compliance with the Cooperative Agreement and the District's obligation to reimburse the City for all of these amounts.

Total project costs, including design, construction, and construction support, have increased from \$4,825,613 to \$6,213,189, which represents a total increase of approximately 28.8 percent. Delays due to utility conflicts as stated above have resulted in 155 additional days added to the construction schedule, which represents a total increase of 96.9 percent over the baseline schedule.

#### District Cooperative Agreement Amendments

As mentioned above, the City and District previously entered into the Cooperative Agreement on February 16, 2011. The Cooperative Agreement required the District to reimburse the City for the portion of the Project design, construction and right-of-way acquisition costs which are within the District's scope of authority, with a contemplated cap based upon specified percentages above the actual design and construction costs.

The original Cooperative Agreement, however, did not expressly provide for the District to reimburse the City for its administrative oversight of the Project. Therefore, on or about June 4, 2013, the City and District entered into Amendment No.1 to the Cooperative Agreement. The First Amendment, in

part, added a requirement for the District to pay the City 20 percent above the design and construction costs, in order to reimburse the City for its administrative oversight, up to a maximum of \$4,200,000.

The City and District staffs subsequently signed a Letter Agreement dated February 14, 2018, whereby the District agreed to pay the City up to an additional \$1,448,642, based upon \$866,606 in additional design costs and \$542,036 for change order no.2 issued to Mamco, Inc. The Letter Agreement mistakenly indicated that the City would be reimbursed \$40,000 additional for its project support costs, but the District has since confirmed its obligation to pay 20 percent above the actual design and construction costs for the City's administrative oversight. In the Letter Agreement, the District also committed to entering into an amendment to the Cooperative Agreement to effectuate the terms of the staff level understanding expressed in the Letter Agreement.

With the recommended actions herein, the total cost of the project has increased to approximately \$6,213,189 and the amount for which the District is responsible to reimburse the City has increased to approximately \$5,291,225 (plus 20 percent for the City's administrative oversight). Thus, the Cooperative Agreement will need to be amended to increase the District's reimbursement cap by \$2,149,470 from \$4,200,000 to \$6,349,470.

City and District staff met on July 26, 2018, to discuss these additional costs. While the District has not received formal approval from the Riverside County Board of Supervisors for the \$6,349,470, they have committed to this obligation and will request formal approval once the project is completed. Since the Project is nearing completion and work would have to be stopped and the Project delayed if the City waits to approve the recommended actions until we execute the amendment to the Cooperative Agreement with the District, staff is seeking advance approval to keep the project moving forward. The District desires to complete the Project and take one final amendment to the Cooperative Agreement to their Board.

#### Claim for SCE Delay

It should be noted that staff has submitted a formal claim to SCE for the initial delay to the Project discussed above, and we expect that SCE will provide some reimbursement. To the extent that occurs, the amount required to be paid by the City and/or reimbursed by the District will be reduced accordingly.

#### **COMMITTEE ACTION:**

Not applicable.

#### **STRATEGIC PLAN:**

Not applicable.

#### **FISCAL IMPACT:**

As shown in the "Project Expenditure" chart below, approval of the recommended actions will increase the total contract amounts by \$672,327 to \$6,213,189. The prior change orders and the recommended actions represent an increase of 22.6 percent to the original construction contract amount of \$4,333,333 with Mamco, Inc., dba Alabbasi; an increase of 40.4 percent to the original professional services contract amount of \$332,120 with FCG Consultants, Inc.; an increase of 279.1 percent to the original professional services contract amount of \$20,160 with GeoMat Testing Laboratories, Inc.; and an increase of 154.5 percent to the original professional services contract

amount of \$140,000 with K&A Engineering, Inc.

However, of the \$6,213,189 in total contract amounts, the District is required to directly reimburse \$5,291,225 of this amount and the \$466,280 for FCG and the \$76,430 for GeoMat will be paid out of the 20 percent (\$1,058,245) administrative overhead the District is also required to pay to the City. The remaining amount of the 20 percent (approximately \$515,535) will cover the City’s internal and other administrative expenses. Approximately \$379,254 of the Project costs to be funded by the City will be paid out of Fund 212 (Storm Drain Development Fee) and Fund 227 (Measure A).

Project Expenditures								
Purchase Order	Vendor	Initial Contract	Prior Changes	Current Changes	Total Contract	City Funded	Directly Reimbursed by District *	% Increase
Construction								
P20531	Mamco	\$4,333,333	\$600,984	\$379,897	\$5,314,214	(\$371,254)	\$4,942,960	22.64%
Design								
P18633	K & A	\$140,000	\$114,265	\$102,000	\$356,265	(\$8,000)	\$348,265	154.48%
Construction Support**								
P19801	FCG	\$332,120		\$134,160	\$466,280			40.40%
P20517	GeoMat	\$20,160		\$56,270	\$76,430			279.12%
<b>Total</b>		<b>\$4,825,613</b>	<b>\$715,249</b>	<b>\$672,327</b>	<b>\$6,213,189</b>		<b>\$5,291,225</b>	
Notes:		* Plus 20% City Admin Oversight			** Paid out of 20% City Admin Oversight			

As shown in the “District Cooperative Agreement” chart below, the Districts reimbursement obligation cap (including the 20 percent City administrative overhead) has increased by \$2,149,470 to \$6,349,470. Accordingly, staff is requesting authority to execute an amendment to the Cooperative Agreement to reflect this increase.

District Cooperative Agreement	
District Directly Reimbursed	
Construction	\$4,942,960
Design	\$348,265
<b>Total</b>	<b>\$5,291,225</b>
District Paid City's Administrative Oversight	
20% of Construction & Design	\$1,058,245
<b>Total Paid by District</b>	<b>\$6,349,470</b>
Original Agreement Cap	\$4,200,000
<b>Cap to be Increased by Amendment</b>	<b>\$2,149,470</b>

As shown in the “Budget Authority” chart below, the City Council has previously appropriated \$4,632,055 from Fund 243 (PW Transportation Grants/Agreement), \$694,058 from Fund 227 (Measure A) and \$950,553 from Fund 212 (Storm Drain Development Fee). The recommended actions from this item will result in an increase in appropriations from Fund 243 of \$1,717,415. Since the Project requires only \$379,254 from Funds 212 and 227 to pay for the City portions (\$82,329

from Fund 212 and \$296,925 from Fund 227), the recommended actions will also decrease the appropriation from Fund 212 by \$868,224 and Fund 227 by \$397,133.

Budget Authority				
Council Action Date	Fund Name	Fund No.	Project	Total
5/17/2017	Public Works Transportation Grants/Agreement	243	62910	\$3,502,055
	Measure A	227	62910	\$694,058
	Storm Drain Development Fee	212	62910	\$950,553
2/21/2018	Public Works Transportation Grants/Agreement	243	62910	\$1,130,000
9/19/2018	Public Works Transportation Grants/Agreement	243	62910	\$1,717,415
	Measure A	227	62910	(\$397,133)
	Storm Drain Development Fee	212	62910	(\$868,224)
<b>Total</b>				<b>\$6,728,724</b>

As shown in the “Revenue Projection” chart below, the City Council previously projected revenues from the District to be \$4,632,055 (\$3,502,055 on May 17, 2017, and \$1,130,000 on February 21, 2018) and allocated them to Fund 243. The recommended actions from this item will result in a \$1,717,415 increase in those revenue projections for Fund 243 for a total of \$6,349,470.

Revenue Projection (From District Reimbursement)				
Council Action Date	Fund Name	Fund No.	Project	Total
5/17/2017	Public Works Transportation Grants/Agreement	243	62910	\$3,502,055
2/21/2018	Public Works Transportation Grants/Agreement	243	62910	\$1,130,000
9/19/2018	Public Works Transportation Grants/Agreement	243	62910	\$1,717,415
<b>Total</b>				<b>\$6,349,470</b>

Fund Balance Impacts:

Fund	07/01/18 Est. Fund Balance	Budgeted Revenues/ Sources	Budgeted Expenditures/ Uses	Fund Balance Impacts	06/30/19 Est. Fund Balance
PW Transportation Grants/ Agreement Fund 243 *	\$2,886	\$87,697,990	(\$85,294,990)	\$1,717,415 Revenue (\$1,717,415) Appropriation	\$2,405,886
Storm Drain Development Fee Fund 212	\$1,753,595	\$604,398	(\$125,278)	\$868,224 Decrease Appropriation	\$3,100,939
Measure A Fund 227	\$5,437,067	\$4,390,848	(\$7,176,187)	\$397,133 Decrease Appropriation	\$3,048,861

Note: Fund 243 information includes other items on the September 19, 2018 agenda

**ENVIRONMENTAL ANALYSIS:**

This action is categorically exempt pursuant to Section 15301(c) of the Guidelines for the California Environmental Quality Action (CEQQA), which states that a project which consists of minor repairs and maintenance to existing facilities does not have a significant impact on the environment and is, therefore, exempt from CEQA. This action involves minor repairs, maintenance and alteration of existing highways, streets, sidewalks, or similar features involving negligible or non-expansion of use beyond that currently existing from the requirements of CEQA. Therefore, no environmental analysis is required.

**PREPARED BY:** ABUNNASR HUSAIN, P.E., PROJECT MANAGER

**REVIEWED BY:** TOM KOPER, P.E., ASSISTANT PUBLIC WORKS DIRECTOR

**REVIEWED BY:** NELSON D. NELSON, P.E., PUBLIC WORKS DIRECTOR

**REVIEWED BY:** KIM SITTON, FINANCE MANAGER

**REVIEWED BY:** CITA LONGSWORTH, PURCHASING MANAGER

**REVIEWED BY:** KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR

**REVIEWED BY:** MICHELE NISSEN, ASSISTANT CITY MANAGER

**SUBMITTED BY:** DARRELL TALBERT, CITY MANAGER