



City of San Leandro

Meeting Date: July 20, 2020

Staff Report

File Number: 20-320 **Agenda Section:** CONSENT CALENDAR

Agenda Number: 8.E.

TO: City Council

FROM: Jeff Kay
City Manager

BY: Keith Cooke
Engineering & Transportation Director

FINANCE REVIEW: Susan Hsieh
Finance Director

TITLE: Staff Report for a City of San Leandro City Council Resolution to Increase the Contract Change Order Cap Authorization from 13% to 20% (from \$1,321,300 to \$2,032,769; an Increase of \$711,469) for the Original Construction Contract Amount of \$10,163,845 with DeSilva Gates Construction, LP.; and to Appropriate \$364,960 from the Measure B Fund Balance for the Annual Overlay/Rehabilitation 2017-2018, Project No. 2018.0050

SUMMARY AND RECOMMENDATIONS

The Annual Overlay/Rehabilitation 2017-2018 was awarded on July 16, 2018, the construction work is nearly complete and project closeout has started. This increased change order authorization will allow payment for extra work performed by the contractor due to unexpected conditions encountered during construction, as well as for the construction of improvements added onto the project during the construction phase.

Staff recommends the following actions:

- Authorize an increase to the Contract Change Order (CCO) cap from 13% to 20% (from \$1,321,300 to \$2,032,769, which is a Change Order Cap Increase of \$711,469) for the original contract amount of \$10,163,845 with DeSilva Gates Construction LP. for the subject project; and
- Appropriate \$364,960 for the subject project from Measure B Local Streets and Roads fund balance (Fund 144) to complete the project.

BACKGROUND

On July 16, 2018, the City Council awarded a construction contract to DeSilva Gates Construction, L.P. for \$10,163,845 for the subject project and authorized the City Manager to approve contract change orders up to 13% of the total contract amount. This contract overlaid and reconstructed 10.71 lane-miles of roadway on twenty different streets. The streets selected

for overlay were the worst streets that could be preserved utilizing overlays. The streets selected for rehabilitation were the worst streets within the City. When selecting streets, priority was given to streets that carry more vehicles and streets that are on a bike route. This contract also constructed approximately 77 Americans with Disabilities Act (ADA) ramp upgrades that are adjacent to and required by the street work. Additionally, this contract constructed point repairs to the sanitary sewer collection system that were identified during or precipitated by the project. Work on Washington Avenue between Anza Way and I-880 that was included in the project will be removed from this contract and placed in the upcoming contract for the Annual Street Overlay/Rehab 2018-2020 project, which is scheduled to start in August 2020 because of delays in obtaining permits from Caltrans for work near I-880.

Analysis

The construction of the project is nearing completion. However, the current change orders are approaching the existing contract change order cap approved with the award of the project. Authorizing an increase in the change order cap from 13% to 20% or \$1,321,300 to \$2,032,769, an increase of \$711,469, will enable staff to complete the project without delay.

Several items of work, including replacing driveway approaches, installing a new sanitary sewer main, repairing a sinkhole, and building a concrete half roundabout at the west end of West Broadmoor Boulevard were added to the contract in order to respond to urgent needs, resident requests, and City Council requests. These additive change orders total \$668,723 or 6.6% of the contract. Routine change orders to respond to unforeseen conditions and to construct the work as originally envisioned total \$968,177 or 9.5% of the contract. Change order requests to date for this contract are summarized in the fiscal impact section below.

Authorizing an increase in the change order cap will allow staff to provide payment to the contractor for the increases in scope under the current contract. An increase of 3.1% (\$315,000) to the existing contract change order cap is necessary to cover the costs of the extra work identified to date. An additional authorization of 4.9% is requested to cover future unforeseen costs, including potential and alleged delay costs not yet resolved with the contractor.

An appropriation of \$364,960 is requested to cover the potential cost of the project. Appropriating these funds from the Measure B Local Streets and Roads fund balance will help the City meet the Alameda County Transportation Commission timely use of funds policy.

Current Agency Policies

- Maintain and enhance San Leandro's infrastructure.

Previous Actions

- On July 17, 2017, by Resolution No. 2017-108, the City Council approved a contract with NCE to design the subject project for \$700,000.
- On July 16, 2018, by Resolution No. 2018-081, the City Council awarded a construction

contract to DeSilva Gates Construction, L.P. for \$10,163,845 and appropriated \$3,225,000 Measure BB Grant Funds.

Applicable General Plan Policies

Policy CSF-6.8 Maintenance:

Ensure that sufficient funding is provided for the ongoing maintenance of City-owned facilities, including streets, streetlights, traffic signals, landscaping, street trees, storm drains, public buildings, and other infrastructure.

Permits and/or Variances Granted

- Permits were obtained from Caltrans for work on Caltrans' right-of-way.

Environmental Review

This project is categorically exempt from the California Environmental Quality Act (CEQA) per Section 15301(c) of the CEQA guidelines. The Notice of Exemption was filed with the Alameda County Recorder on June 8, 2018.

Summary of Public Outreach Efforts

- The streets to be repaved are posted on the City's website and were displayed at the 2018 Cherry Festival and both 2018 City Council Town Hall meetings.
- Properties adjacent to the work received notification from the City and a second notification from the Contractor prior to starting work.
- The Notice to Bidders was published in the Daily Review, the South County Post, Visión Hispana and Sing Tao. Staff also notified 23 builders' exchanges and construction data firms as well as a list of contractors that ask to be notified of bidding opportunities via email.

Fiscal Impacts

The estimated project cost is as described below

NCE design contract	\$837,740
Other design costs	\$189,756
Construction contract	\$10,163,845
Contract Change Order	\$1,636,900
Contingencies	\$395,869
<u>Construction management and inspection</u>	<u>\$540,922</u>
Total	\$13,765,032

Change Order Summary

Change Order limit authorized at contract award was 13% (\$1,321,300)

<u>CCO No.</u>	<u>Description</u>	<u>Amount</u>	<u>%</u>
1	Added scope to construct driveways impacted by the project.	\$86,865	0.9%
2	Additional cost based on measured quantities of materials to construct driveways	\$21,823	0.2%
3	Added scope for construction of roundabout at West Broadmoor.	\$287,826	2.8%
4	Additional costs associated with changes to CTB treatment on Juana, Endicott and West Broadmoor due to shallow utilities.	\$256,441	2.5%
5	Added scope for new sanitary sewer main installation on Oakes Boulevard	\$287,723	2.9%
6	Added scope to repair sinkhole on Marina Blvd., modification of Lewelling median to accommodate bike lanes and increase in construction item quantities.	\$378,886	3.7%
7	Additional cost to stabilize and repave sections of Juana Ave. and Oakes Blvd. to address poor subgrade and shallow utilities <u>issues on both streets.</u>	\$317,336	3.1%
Total Requested Change Orders To Date		\$1,636,900	16.1%

Budget Authority

This street rehabilitation project is funded as follows:

<u>Account No.</u>	<u>Reso., Appropriation Dates & Source</u>	<u>Amount</u>
141-38-392	FY 2017-18 Budget, Measure BB	\$1,500,000
210-38-377	FY 2016-17 Budget, General Funds	\$754,374*
141-39-392	FY 2017-18 Budget, Measure BB Grant	\$9,225,000
142-38-392	FY 2017-18 Budget, Gas Tax	\$185,000
<u>143-38-392</u>	<u>FY 2017-18 Budget, Measure F (VRF)</u>	<u>\$950,000</u>
Sub Total		\$12,614,374

*Not the full appropriation; only the portion used on this project/contract is shown.

The sanitary sewer point repair work is funded as follows:

<u>Account No.</u>	<u>Reso., Appropriation Dates & Source</u>	<u>Amount**</u>
593-52-262	FY 2016-17, WPCP Enterprise Fund	\$185,000
593-52-266	FY2017-18, WPCP Enterprise Fund	\$292,723
<u>593-52-280</u>	<u>FY 2020-21, WPCP Enterprise Fund</u>	<u>\$307,975</u>
Sub Total		\$785,698

Total currently appropriated \$13,400,072

** Not the full appropriation; only the portion used on this project/contract is shown.

Appropriation requested by this action from Fund 144 fund balance \$364,960

Total Proposed Project Funding \$13,765,032

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Department



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Resolution - Council

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WHEREAS, the City of San Leandro did on July 16, 2018 award a construction contract to DeSilva Gates Construction, L.P. by Resolution No. 2018-081 for the Annual Overlay/Rehabilitation 2017-2018, Project No. 2018.0050; and

WHEREAS, the City desires to expand the scope of the project to include additional work to the contract; and

WHEREAS, in order to expedite the delivery of public projects on schedule and on budget, provide that subcontractors and workers are paid in a timely fashion, avoid as much as possible costly delay claims, and insure that the City completes projects that are to the City's highest standards, the City Council finds that providing authorization to negotiate and approve change orders is in the best interest of public health, safety and welfare.

NOW, THEREFORE, the City Council of the City of San Leandro does RESOLVE as follows:

That cumulative change orders up to a maximum of \$2,032,769, which is 20% of the original contract amount, are approved and the City Manager or his designee is authorized to complete negotiations of the change orders up to that amount; and

That \$364,960 of funds are appropriated for the project from the Measure B Local Streets

and Roads fund balance (Fund 144).