



# *CITY COUNCIL AGENDA REPORT*

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MEETING DATE: FEBRUARY 19, 2008

ITEM NUMBER:

**SUBJECT: HARBOR BOULEVARD/I-405 IMPROVEMENT PROJECT – CONTRACT CHANGE ORDER**

**DATE: FEBRUARY 7, 2008**

**FROM: PUBLIC SERVICES DEPARTMENT/ENGINEERING DIVISION**

**PRESENTATION BY: PETER NAGHAVI, ACTING DIRECTOR OF PUBLIC SERVICES**

**FOR FURTHER INFORMATION CONTACT: PETER NAGHAVI, ACTING PUBLIC SERVICES DIRECTOR, (714) 754-5182**

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## **RECOMMENDATION:**

1. Approve the Contract Change Order (CCO) in the amount of \$216,145.50 for the Harbor Boulevard/I-405 Improvement Project, City Project No. 07-22 (Attachment 1).
2. Approve Budget Adjustment No. 08-038 (Attachment 2) in the amount of \$108,000.
3. Authorize the City Manager to execute the CCO.

## **BACKGROUND:**

The Harbor Boulevard/I-405 project involves improvements on both the east and west sides of Harbor Boulevard between Gisler Avenue and South Coast Drive. The improvements include removal of the existing east embankment under the I-405 Freeway bridge, reconstruction of the onramp to northbound I-405 Freeway behind the bridge columns; and reconstruction of the southbound I-405 Freeway onramp “gore” area on the west side. The improvements will result in four (4) continuous through lanes in each direction on Harbor Boulevard under the I-405 Freeway and improved freeway access (Attachment 3).

The final design process for this project was completed in October 2007, and the City Council at their regular meeting of November 20, 2007, awarded the construction contract for this project to Beador Construction Company, Inc., in response to their low bid of \$3,480,300.

## **ANALYSIS:**

Following the notice to proceed, Beador Construction Company, Inc., discovered an error in design related to the plans for “tieback anchors” and submitted a Request For Information (RFI) seeking clarification. The “tieback anchors” are drilled into the soil to an appropriate length based on the geotechnical conditions and are used to hold the retaining wall in place. Upon receipt of the RFI, the designer (CH2M Hill) responded that the unbonded “tieback anchor” length was incorrectly labeled on the final plans, which is considered a major design omission. The appropriate requirement for correct labeling is determined per the requirements of the State of California Department of Transportation (Caltrans) based on the geotechnical report. In mid December 2007, the contractor, upon reviewing the response on the “tieback anchor” length, informed the City of the necessity for a significant change order, of approximately \$450,000. The City staff, concurring with the need to modify the design, requested the contractor to delay the start of project construction,

scheduled for January 7, 2008, by two weeks, so that plans could be reviewed to determine the potential to correct the problem at a lesser cost.

Based on staff reviews and discussions, CH2M Hill, the design consultant for this project, re-visited the geotechnical report and redesigned the “tieback anchors” to meet technical requirement in compliance with Caltrans design standard.

Based on this modified design, the contractor resubmitted a significantly reduced change order in the amount of \$216,145.50.

The City’s Construction Management consultant, LAN Engineering, Inc., has analyzed the change order and has determined that this amount is correct, and represents the best value that could be obtained from the contractor. This change order represents approximately 6 percent of the overall contract price for the project. The City Council authorization is required for all CCO’s exceeding 5% of the contract value.

While the design consultant has verbally confirmed this design error, staff is in direct written communication to assure that all legitimate costs that are direct result of this omission are fully covered by CH2M Hill. Staff anticipates resolving this issue in the very near future.

**ALTERNATIVES CONSIDERED:**

The alternative to this Council action, would be to reject the CCO. This will require the contractor to follow the bid plans and build the “tieback wall” per contract plans. However, this action will result in construction of a wall that is determined to be unsafe per the geotechnical report.

**FISCAL REVIEW:**

The funds for the CCO will be derived from the Measure M grants appropriated for the project as well as traffic impact fee funds. The attached budget adjustment appropriates \$108,000 from traffic impact fee funds towards the CCO. The balance of this CCO will be covered through appropriated Measure M funds.

**LEGAL REVIEW:**

Legal review is not required for this item. Staff will be working with the City Attorney in the reimbursement process with the designer, if necessary.

**CONCLUSION:**

Beador Construction Company, Inc., the contractor for Harbor Boulevard Improvement Project, has submitted a Contract Change Order in the amount of \$216,145.50 due to a design error in construction of “tieback walls”. As this amount is over the 5% threshold, City Council approval is required for the execution of the CCO. Staff has determined that the work required in the CCO is valid due to the incorrect lengths of tieback anchor provided in the plans. The cost provided by the contractor is comparable to the item cost provided in the bid. Staff recommends the City Council approval of the CCO and requests authorization of the City Manager to execute the CCO.

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**PETER NAGHAVI**  
Acting Director of Public Services

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**MARK PUCKETT**  
Director of Finance

ATTACHMENTS:    “1”   [Contract Change Order](#)  
                      “2”   [Budget Adjustment](#)  
                      “3”   [Project Map](#)

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