



# *CITY COUNCIL AGENDA REPORT*

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**MEETING DATE:** SEPTEMBER 2, 2008

**ITEM NUMBER:**

**SUBJECT:** CONSTRUCTION MANAGEMENT SERVICES FOR THE POLICE FACILITY EXPANSION AND RENOVATION PROJECT – CONTRACT CHANGE ORDER

**DATE:** AUGUST 21, 2008

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

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

**FOR FURTHER INFORMATION CONTACT:** ERNESTO MUÑOZ, CITY ENGINEER, (714) 754-5335

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## **RECOMMENDATION:**

1. Extend the term of the Professional Services Agreement with Harris & Associates to March 31, 2009.
2. Approve the Contract Change Order (CCO) in the amount of \$350,000 for additional construction management services for the Police Facility Expansion and Renovation Project, City Project No. 06-08 (Attachment 1).
3. Authorize the City Manager to execute the CCO.

## **BACKGROUND:**

At the January 3, 2006 City Council meeting, Council awarded a Professional Services Agreement for construction management services for the Police Facility Expansion and Renovation Project. The contract included services related to pre-construction as well as the day-to-day construction management of the project. After award of the construction contract in September 2006, the key responsibilities of the consultant have included monitoring of the construction schedule; daily review of the work and quality assurance inspections; evaluation and control of change orders; processing submittals; and coordination of the contractor's work with the ongoing operations of the Police Department as well as other City operations.

## **ANALYSIS:**

The scope of work for this contract contains many tasks and responsibilities that are critical to the successful completion of the project. Harris & Associates has played a key role in the daily oversight and coordination of the work. The City's successful progress so far on this project can be attributed in part, to the close coordination that Harris & Associates has maintained between the prime contractor USS Cal Builders, Inc. and City staff to keep work progressing at a satisfactory rate while keeping critical functions of the Police Facility in operation. This has been demonstrated through the timely completion of Phase 1 in December 2007 with the opening of the new addition of the Police Facility which is home to the Property and Evidence Bureau, the Narcotics Bureau, Crime Scene Investigations, and

the new Emergency Operations Center. The new Men's Locker Room in the existing basement was completed and opened in June 2008. In addition to this work, the ongoing renovation of the existing building is progressing on schedule and Records Bureau, Administration, and Traffic and Patrol Bureaus are scheduled to relocate back to the existing building in fall 2008. City staff has awarded an extra 83 calendar days to the contractor for unforeseen delays such as inclement weather, unforeseen soil conditions, additional electrical, telephone and data cabling work required for the temporary trailers, resolving system conflicts within the Emergency Operations Center, and other various items. Despite these extensions of time, the overall completion of the project is still on schedule for a final completion in spring 2009.

The cumulative amount of change orders issued to the prime contractor USS Cal Builders, Inc. to date is \$732,817 (4.02% of the original contract amount). Considering the size of the project and the unknown nature of the unforeseen conditions that were discovered but could not be anticipated in a 40 year old building, this figure is well below staff's expectations.

Other project expenses including architectural services, telephone and data cabling, audio visual systems, environmental monitoring, furniture, jail improvements, and moving costs are all within their individual budgets to date. Miscellaneous expenses required for the administration of the project total \$242,618 and equate to only 0.8% of the overall project budget.

The construction management consultant services have been evaluated and projected for the remainder of the project. After staff's analysis of the consultant's monthly costs in correlation with the remaining contract time necessary to complete the project, it was determined that additional funds are needed to continue procuring their services through completion. The consultant's original budget included a sub-consultant that was needed to perform deputy inspections and materials testing. In reviewing this item staff has concluded that the budget amount for this item was underestimated. This stems from the difficulty in estimating how the contractor would schedule certain activities or make progress on the project. Deputy inspections and materials testing are required whenever special trades are employed on the project such as structural steel welding and reinforced concrete placement. When these trades are in progress they require continuous observation by certified inspectors in these fields. This work is above and beyond the expertise and scope of inspection performed by the in-house building inspectors. These trades have extended their operations throughout the duration of the project at various times. The inspectors and tester's time is tracked on a daily basis and invoiced accordingly. The current estimate of additional deputy inspections and testing required to complete the project is \$116,000.

Due to the extensions of time granted to the contractor for excused delays, additional construction management services will be necessary for the same period of extended time (through January 2009, then subsequent project closeout). In addition, in anticipation of any other possible future time extensions that may need to be granted to the prime contractor USS Cal Builders, Inc., additional funds need to be encumbered to cover the cost of the construction management services that may be needed to cover other granted time extensions, if any. Staff has analyzed the extra time necessary for Harris & Associates to oversee the completion of the contract work and has determined that an additional \$234,000 is required to continue to retain their services through project closeout. In consideration of this amount and the deputy inspection costs mentioned above; staff

recommends approval of the attached change order in the amount of \$350,000. A calculation of these costs is included in Attachment 2.

### **ALTERNATIVES CONSIDERED:**

An alternative to this Council action would be to terminate the contract with Harris & Associates upon depletion of the existing encumbered funds. At the current rate, this will occur in approximately September 2008 with approximately 6 months remaining until the completion of construction in March 2009. Under these circumstances, City staff would have to pick up the responsibilities for managing the construction process in its entirety through the completion of the project. Due to the existing workload of over ten (10) other major rehabilitation projects and future projects forthcoming, existing City staff does not possess the manpower to manage these projects along with all other scheduled Capital Improvement Projects (CIP). If this alternative is selected, the City may need to explore expanding the current staff level to accommodate the appropriate management of all the scheduled CIPs.

Another alternative would be to reduce the consultant's manpower to less than the originally committed personnel and/or hours per week. This alternative is not recommended because it has been demonstrated that the existing manpower is the minimum amount necessary in order to administer the construction contract in the most efficient manner. To reduce the manpower would result in a reduction of project oversight which could lead to the City getting a lesser-quality product. This would also achieve a negative result by exposing the City to possible contract delays due to slower response times and ultimately a delayed project completion.

In addition to the manpower issue, the project team has developed a partnering rapport with the contractor that has made the project proceed efficiently through the contract work. The favorable change order percentage of 4.02% of the contract amount achieved to date can be in part attributed to the success of Harris & Associates and their collaborative efforts in negotiating these change orders in a professional and diligent manner. To disrupt this continuity with the contractor may prove to be a serious concern to all parties involved which may result in loss of productivity and longer and costlier change order resolutions.

### **FISCAL REVIEW:**

Funds for the Police Facility Expansion and Renovation Project, including Construction Management Services, are secured through debt issued by the City in 2007. Funding for this change order is available in the overall approved project budget, from the Construction Management line item contingency balance, in the amount of \$171,674, and from the budget's Project Administration line item contingency balance, which currently has an available balance of \$998,000. Therefore, no additional appropriations are required with the approval of this contract change order.

### **LEGAL REVIEW:**

Legal review is not required for this item.

**CONCLUSION:**

It is recommended that the City Council extend the term of the Professional Services Agreement with Harris & Associates to March 31, 2009; approve Contract Change Order No. 1 in the amount of \$350,000; and authorize the City Manager to execute the same.

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ERNESTO MUÑOZ  
City Engineer

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PETER NAGHAVI  
Director of Public Services

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MARC R. PUCKETT  
Director of Finance

ATTACHMENTS:    "1"   [Contract Change Order No. 1](#)  
                      "2"   [Harris & Associates Budget Analysis](#)

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