



CITY COUNCIL AGENDA REPORT

MEETING DATE: MAY 18, 2010

ITEM NUMBER:

SUBJECT: NEWPORT BOULEVARD IMPROVEMENT PROJECT

DATE: MAY 6, 2010

FROM: PUBLIC SERVICES DEPARTMENT/TRANSPORTATION SERVICES DIVISION

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

**FOR FURTHER INFORMATION CONTACT: RAJA SETHURAMAN, TRANSPORTATION SERVICES
MANAGER, (714) 754-5032**

RECOMMENDATION:

1. Approve Amendment No 2. to Cooperative Agreement 12-457 (Attachment 1) between the State of California Department of Transportation (Caltrans) extending the term of Agreement for the Newport Boulevard Improvement Project to December 31, 2012, and authorize the Mayor and City Clerk to execute the amendment.
2. Approve Contract Change Order (CCO) in the amount of \$700,000 for the construction of the Newport Boulevard Improvement Project (Project 08-08) to All American Asphalt, P. O. Box 2229, Corona, CA 92878-2229 (Attachment 2).
3. Approve CCO in the amount of \$70,000 for Construction Management and Inspection Services for the Newport Boulevard Improvement Project to Jacobs Civil, Inc., 5757 Plaza Drive, Suite 100, Cypress, CA 90630 (Attachment 3).
4. Authorize the City Manager to execute the CCOs.

BACKGROUND:

The City Council, at their regular meeting of November 8, 2008, awarded a construction contract for the Newport Boulevard Improvement project to All American Asphalt, P.O. Box 2229, Corona, CA 92878-2229, in the amount of \$4,294,449. At the regular meeting of January 6, 2009, the City Council also awarded a Construction Management and Inspection Services contract to Jacobs Civil, Inc., 5757 Plaza Drive, Suite 100, Cypress, CA 90630, for a total amount of \$233,017.99.

The construction of Newport Boulevard Improvement Project, shown in Attachment 4, was initiated in January 2009 and included the following improvements between 19th Street and 17th Street:

- ❖ Aesthetic landscaping and streetscape enhancements including palms, planters, ornamental street lighting, and bus shelters uniformly along the corridor.
- ❖ Upgrading pedestrian, bus stop, and handicap ramps in compliance with the Americans with Disabilities Act.
- ❖ Construction of missing sidewalk along the west side of Newport Boulevard north of 17th Street.
- ❖ Addition of a fourth northbound lane from 17th Street to north of 19th Street.
- ❖ Addition of a fourth southbound lane from the State Route 55 freeway terminus to the intersection with Broadway.

- ❖ Addition of a southbound right-turn lane at 17th Street.

The above improvements were completed in summer 2009, and the project is currently under review for acceptance by Caltrans. The construction of the project was funded by grants from Measure M Intersection Improvement Program as well as federal Transportation Enhancement Activities (TEA) funds. The total grant funding available for the project is approximately \$6.2 million.

Cooperative Agreement 12-457:

The City of Costa Mesa and Caltrans entered into a cooperative agreement for the design and right-of-way phase of the Newport Boulevard Improvement Project. This is because Newport Boulevard is within Caltrans' jurisdiction. This agreement expired on December 2008. While the design phase of the project is complete, the right-of-way transfer activities are pending. The right-of-way acquired for the Newport Boulevard project by the City cannot be transferred until the project is accepted by Caltrans. Therefore, staff requests City Council approval of the amendment to the Cooperative Agreement 12-457 extending the term of the agreement to December 31, 2012. Staff also requests City Council authorization for the Mayor and City Clerk to execute the amendment to the cooperative agreement.

ANALYSIS:

All American Asphalt:

All American Asphalt's original construction contract was approved for \$4,294,449. During the course of the project, many modifications were made to enhance the project beyond the original design plans. These included resurfacing of the entire width of Newport Boulevard with rubberized asphalt, removal and reconstruction of damaged curb-and-gutter along the east side of Newport Boulevard, and construction of additional decorative crosswalks. The original project only included paving on the widened portion of Newport Boulevard, and limited curb-and-gutter work.

The major change orders for the project were as follows:

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| Change Order No. 1: | Paving the entire width of Newport Boulevard between north of 19 th Street and 17 th Street with rubberized asphalt - \$317,555.22; |
| Change Order No. 2: | Drainage improvements to address reconstruction of damaged curb/gutter in the east side of Newport Boulevard and to address utilities at Broadway - \$90,041.65; |
| Change Order No. 3: | New decorative crosswalks at two locations - \$50,088; |
| Change Order No. 4: | Irrigation modifications and landscaping - \$51,073.47; |
| Change Order No. 5: | Electrical and signal modifications - \$85,728.80. |

The remaining change orders are relatively minor and are typically required for a project administered under Caltrans' guidelines. The total change orders and quantity adjustments to date in the amount of \$380,000 represent approximately eight percent (8%) of the original bid.

Considering the need for further enhancements, and available grant funding for the project, staff requests City Council authorization to implement additional improvements to build on the Newport Boulevard project. These include:

- ❖ Construction of additional decorative crosswalks within project limits at the following locations:
 - Newport Boulevard-17th Street Intersection;

- Newport Boulevard-Cabrillo Avenue;
 - Newport Boulevard-Rochester/18th Street;
 - Newport Boulevard-East 18th Street; and
 - Newport Boulevard-East 19th Street.
- ❖ Paving on side streets in the vicinity of Newport Boulevard in conjunction with the above decorative crosswalk work.
 - ❖ Decorative sidewalk south of Rochester.

All American Asphalt has submitted a cost proposal for the construction of the above additional items as a change order to the original project (Attachment 2) in the amount of \$700,000. Based on the review of unit costs submitted for the original project and recent bids, the proposed cost is determined to be reasonable and is also within the available grant funding for the project. According to All American Asphalt's schedule, all work can be completed within four to six weeks of authorization.

Staff supports the completion of the above elements as it will contribute to the pedestrian and aesthetic elements within the entire project area. It also capitalizes on available grant funding to build on well-received improvements in this important downtown corridor.

Jacobs Civil, Inc.:

Jacobs Civil, Inc., was responsible for the Construction Management and Inspection Services contract for the Newport Boulevard project. The original contract amount for their services was \$233,017.99. However, as a result of the above-mentioned construction change orders to date, there have been additional costs associated with the Construction Management and Inspection Support Services contract. Jacobs has expended considerably higher number of hours than budgeted due to increased scope of the project, as well as to handle night-time and day-time project construction activities. In addition, significant, additional manpower was required to address business and community issues throughout the duration of the project.

The actual number of hours to date that Jacobs has expended on the project is over 50 percent of the original estimate and the total value of the services is in excess of \$100,000. However, based on negotiations with City staff, the amount of additional compensation was reduced to \$70,000. Staff supports this requested increase in compensation, bringing the total value of Jacobs Civil, Inc.'s, services to \$303,017.99. Considering the total cost of the project to date, this represents approximately six and one-half percent (6.5%) of the construction cost. This is significantly below a typical ratio of such services which is in the range of ten to twelve percent (10% to 12%) of construction cost. In consideration of the above, staff requests City Council authorization for the City Manager to execute the change order to Jacobs Civil, Inc., in the amount of \$70,000.

ALTERNATIVES CONSIDERED:

One alternative to this Council action would be to reject the All American Asphalt CCO for additional work and close out the Newport Boulevard project. Staff will undertake procedures to complete the necessary documents for project close out and request City Council acceptance of the project. Another alternative would be to reject Jacobs Civil, Inc.'s, request for additional compensation for work completed. This will result in a potential claim from Jacobs Civil, Inc. Another alternative would be to not approve the amendment to Caltrans Cooperative Agreement. This will result in suspension of Caltrans' support of the project and significantly delay the transfer of right-of-way acquired for the project to Caltrans. This will increase City liabilities as the City will continue to have ownership of a portion of roadway in Caltrans' jurisdiction.

FISCAL REVIEW:

The funds for the CCOs will be derived from the Measure M and federal TEA grants already appropriated for the project. No City funds are used to fund the project. Budget Adjustment No.

09-009, authorized by the City Council on November 18, 2008, recognized these revenues and established the construction phase budget. There is no fiscal impact with the amendment to the cooperative agreement.

LEGAL REVIEW:

All required change order processes will be coordinated and reviewed by the City Attorney's office. Staff requests City Council authorization for the City Manager to execute the change orders and any necessary modifications to agreements/contracts pertaining to change orders. The City Attorney's office has reviewed and approved the amendment to the cooperative agreement as to form.

CONCLUSION:

The cooperative agreement with Caltrans on the design and right-of-way phases of the project has expired and will need to be extended. Staff supports the attached amendment to the Cooperative Agreement 12-457 to extend the agreement duration to December 31, 2012. This will ensure completion of all required processes to transfer Caltrans' right-of-way following project acceptance.

All American Asphalt, Inc., has substantially completed the work on the Newport Boulevard Improvement Project at a cost of \$4.64 million. Staff requests Council authorization for All American Asphalt to conduct certain additional improvements to utilize the grant funding within project limits. The total cost to construct these additional improvements is \$700,000.

Jacobs Civil, Inc., provided Construction Management and Inspection Services on the Newport Boulevard project. Their original estimate of \$233,017.99, was exceeded significantly due to additional work to date on the project, as well as due to shortage of staff support on the project. Staff supports Jacobs request for additional compensation in the amount of \$70,000 towards this project.

RAJA SETHURAMAN
Transportation Services Manager

PETER NAGHAVI
Director, Department of Public Services

- ATTACHMENTS:
- 1 - [Amendment to Cooperative Agreement 12-457](#)
 - 2 - [Contract Change Order to All American Asphalt](#)
 - 3 - [Contract Change Order to Jacobs Civil, Inc.](#)
 - 4 - [Newport Boulevard Improvement Project](#)

- DISTRIBUTION:
- City Manager
 - Assistant City Manager
 - City Attorney
 - City Clerk
 - Development Services Director
 - Transportation Services Manager