



CITY COUNCIL AGENDA REPORT

MEETING DATE: MAY 17, 2011

ITEM NUMBER:

SUBJECT: CONSTRUCTION ON I-405 FREEWAY AND FAIRVIEW ROAD AT THE I-405 FAIRVIEW ROAD INTERCHANGE, FEDERAL PROJECT NO. ESPLE-5312 (071) CITY PROJECT NO. 09-18

DATE: MAY 5, 2011

FROM: PUBLIC SERVICES DEPARTMENT/ENGINEERING DIVISION

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

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

RECOMMENDATION:

1. Accept the work performed by Sierra Landscape Company, Inc. and authorize the City Clerk to file the Notice of Completion.
2. Release the Labor and Material Bond seven (7) months after the filing date; release the Faithful Performance Bond seven (7) months after the filing date; and release the retention monies 35 days after the Notice of Completion filing date.

BACKGROUND:

On October 20, 2009 a construction contract in the amount of \$420,130.00 was awarded to Sierra Landscape Company, Inc., 73771 Dinah Shore Drive, Suite 200, Palm Desert, California, 92211.

The landscape improvements included the median areas of Fairview Road just to the north and south of the I-405 Freeway; the Fairview Road embankment area on the south side of the Freeway adjacent to the newly constructed sound wall; and along the southbound I-405 Freeway between the onramp and the main freeway. The landscape improvements also included irrigation modifications and planting of trees, shrubs, and ground cover.



Before Improvements



Improvements Completed

The construction phase for this project was completed in May 2010, and the contractor was in the process of completing the twelve month plant establishment and landscape maintenance period, when in March 2011, they ceased to perform any maintenance operations. City staff immediately requested corrective action and the contractor failed to respond and commence satisfactory action to complete the project. On April 7, 2010, in accordance with the terms of the Agreement, the City informed Sierra Landscape Company, Inc. that their construction contract was terminated and requested the bonding company to close out the project. The bonding company, Great American Insurance Company, responded immediately and agreed to reimburse the City to complete the project in accordance with the terms set forth in the Agreement and the bond documents.

ANALYSIS:

After the contractor’s maintenance operations ceased in March 2011, the construction Agreement was terminated by the City due to their failure to satisfactorily pursue the work to completion. At that time, Great American Insurance Company, Inc., the bonding company agreed to reimburse the City for all costs to have the City’s landscape maintenance contractor take over the remaining portion of the plant establishment within the City right-of-way. The bonding company is also working with the State of California Department of Transportation (Caltrans) to finalize the work that was performed within the freeway right-of-way.

A report of the final costs is shown herein as Attachment “1” and a summary of the costs is as follows:

Original Contract Cost:	\$420,130.00
Change Orders & Adjustments	<u>(\$ 17,457.17)</u>
Final Contract Cost:	\$402,672.83

Change Orders No. 1 through 15, directed the contractor to perform additional work and deletions to the contract scope, which resulted in an overall credit of \$17,457.17. The Change Order work involved additional median work, inclusion of a minor retaining wall, and supplemental landscaping equipment and materials. The deletions to the contract consisted of contract reconciliations.

Change Order No. 16 is an administrative change order with the bonding company to accept the responsibility for the work performed by Sierra Landscape, Inc. and to reimburse the City and the City’s landscape maintenance contractor all costs incurred to complete the landscape maintenance work required for the plant establishment period. In addition, this change order requires the bonding company will resolve all issues with the successful closure of the permit issued by Caltrans for the work.

The final contract cost for Sierra Landscaping, Inc. amounted to \$402,672.83, which reflects a 4.1 percent decrease to the original contract as a result of the aforementioned change orders.

Since the project was cancelled by the City in accordance with the Agreement and bond documents, Great American Insurance Company will resolve any potential or outstanding Stop Notices for this project.

ALTERNATIVES CONSIDERED:

There were no alternatives considered for this item.

FISCAL REVIEW:

This project was completely funded with Transportation Enhancement Activities (TEA) funds.

LEGAL REVIEW:

There is no legal review required on this item.

CONCLUSION:

The work under this contract has been found satisfactory by the City Engineer, and it is recommended that the City Council authorize staff to file the Notice of Completion; release the retention monies 35 days after the Notice of Completion filing date; and release the bonds accordingly.

ERNESTO MUÑOZ
City Engineer

PETER NAGHAVI, DIRECTOR
Department of Public Services

ATTACHMENT: 1. [Cost Summary](#)

DISTRIBUTION: Chief Executive Officer
City Attorney
City Clerk
Transportation Services Manager
Staff
File