



CITY COUNCIL AGENDA REPORT

MEETING DATE: JANUARY 3, 2012

ITEM NUMBER:

SUBJECT: JOANN STREET BIKE TRAIL IMPROVEMENTS – FEDERAL PROJECT NO. RPSTPLE 5312 (075) - CITY PROJECT NO. 09-17

DATE: DECEMBER 15, 2011

FROM: PUBLIC SERVICES DEPARTMENT/ENGINEERING DIVISION

PRESENTATION BY: ERNESTO MUNOZ, INTERIM DIRECTOR, PUBLIC SERVICES DEPARTMENT

FOR FURTHER INFORMATION CONTACT: FARIBA FAZELI, INTERIM CITY ENGINEER, (714) 754-5335

RECOMMENDATION:

1. Accept the work performed by MG Construction & Development, 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.

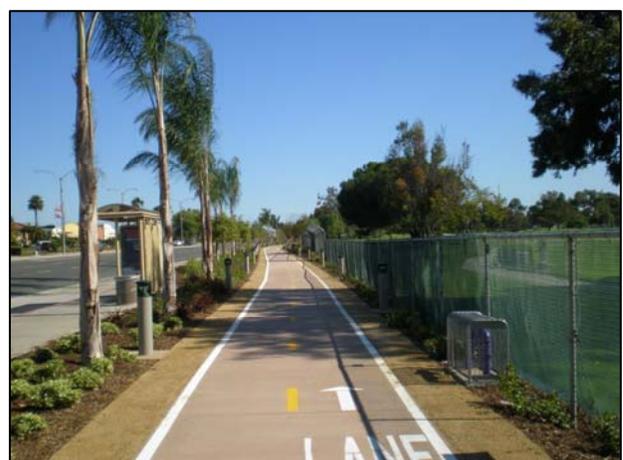
BACKGROUND:

On September 21, 2010, a construction contract in the amount of \$1,229,435.48 was awarded to MG Construction & Development, Inc., 8900 Eton Avenue #C, Canoga Park, California 91304.

The scope of work included removal and replacement of existing fences along the south side of the trail from Harbor Boulevard to its westerly limits; removal of interfering vegetation and trees; grading; construction of irrigation and landscape improvements; installation of low-level, energy-efficient safety lighting; and rehabilitation of the existing trail.



Before Construction



Construction Completed

ANALYSIS:

The construction phase for this project was completed in May 2011, and was to be followed with a 12 month landscape maintenance period until May 2012. In August 2011, MG Construction & Development, Inc. (MG Construction) ceased performance of the landscape maintenance. In response to this cessation, City staff issued a notice of default to MG Construction requesting the contractor to commence action to continue and complete the maintenance work as required by the contract documents. MG Construction has failed to satisfactorily comply with the terms of the contract documents and on November 30, 2011, the City issued written notification to MG Construction that the construction contract was being terminated. Based on the contract termination, and the incidental subsequent actions taken, the final date of work on this contract was November 30, 2011.

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

Original Contract Cost:	\$1,229,435.48
Change Orders and Final Quantity Adjustments:	<u>\$41,923.43</u>
Final Contract Cost:	\$1,271,358.91

Change orders No. 1 through 6 were required to authorize the contractor to perform extra work that was determined to be necessary during the course of the project. Change Order No. 6 also addresses the adjustment to the contract amount to reflect final contract quantities and to reimburse the City for the retention of a landscape maintenance contractor to complete the remaining landscape and lighting maintenance work left unfinished by MG Construction. A summary of each of the Change Orders is included as Attachment “2.”

The final contract cost amounted to \$1,271,358.91, which reflects a 3.4% increase to the original contract as a result of the cumulative change orders and final quantity adjustments.

Currently, there are nine (9) Stop Notices filed against the monies due to MG Construction for a total amount of \$121,190.84. Each of the Stop Notices pertains to underpayments made to subcontractors and/or suppliers used by MG Construction during the course of the project. SureTec Insurance Company, the surety company that issued the performance bond on the project, has provided additional bonding for each of the stop notices which will ensure that the City is protected against further action by the Stop Notice claimants. In addition, the City is currently withholding \$129,385.91 in retention from payments due to MG Construction. The City will continue to withhold funds from the retention monies for all disputed amounts in addition to funds to cover potential litigation fees in accordance with California Civil Code Section 3186.

ALTERNATIVES CONSIDERED:

There were no alternatives considered for this item.

FISCAL REVIEW:

This project was funded with Air Quality, CDBG, Gas Tax, Park Development revenues, and a Transportation Enhancement grant that reimbursed qualifying expenditures up to \$500,000.

LEGAL REVIEW:

There is no legal review required on this item.

CONCLUSION:

Construction of the Joann Street Bike Trail Improvements, Federal Project No. RPSTPLE–5312(075), City Project No. 09-17 has been completed. It is recommended that the City Council authorize staff to file the Notice of Completion; release the remaining retention monies 35 days after the Notice of Completion filing date; and release the bonds accordingly.

FARIBA FAZELI
Interim City Engineer

ERNESTO MUNOZ, Interim Director
Public Services Department

ATTACHMENTS: “1” [Cost Summary](#)
 “2” [Change Order Summary](#)

DISTRIBUTION: Chief Executive Officer
 City Attorney
 City Clerk
 Staff
 File