



# CITY COUNCIL AGENDA REPORT

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MEETING DATE: MAY 5, 2015

ITEM NUMBER: **CC-8**

**SUBJECT: INDUSTRIAL WAY WATER QUALITY AND STORM DRAIN IMPROVEMENTS, CITY PROJECT NO. 14-08 – CHANGE ORDER NO. 2**

**DATE: APRIL 23, 2015**

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

**PRESENTATION BY: ERNESTO MUNOZ, PUBLIC SERVICES DIRECTOR**

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

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## **RECOMMENDATION:**

1. Approve Change Order Number 2 in the amount of \$397,952.

## **BACKGROUND:**

The Industrial Way Water Quality and Storm Drain Improvements project consists of the construction of a detention/infiltration basin at Lions Park within the open space area adjacent to Anaheim Avenue, located between the Historical Society (HS) and the Downtown Recreation Center (DRC), and a parallel storm drain system on Anaheim Avenue between Plumer Street and 18th Street; and all other tasks necessary to perform and complete the work as required by the contract documents.

On June 17, 2014, the City Council awarded a construction contract to Lonerock, Inc., 70 Domani, Irvine, CA 92618, in the amount of \$2,553,940.00 for the construction of the Industrial Way Water Quality and Storm Drain Improvements project.

## **ANALYSIS:**

To date, the contractor has completed the construction of the detention basin, the parallel storm drain system, and resurfaced Anaheim Avenue along with the impacted parking lot area.

During construction of the detention basin, the contractor encountered a buried partially encased six inch water line which was not identified in the contract documents. This unanticipated “change in field conditions” required the contractor to perform substantial exploratory work to uncover the position and depth of the buried water line. This resulted in the issuance of Change Order No. 1 in the amount of \$47,333.88.

Pursuant to Council Policy No. 700-1, the Chief Executive Officer (CEO) approval is required for contract change orders up to \$50,000, or 5% of the original contract price, whichever is greater. Therefore, Change Order No. 1 was approved by the CEO on January 7, 2015 (Attachment 1). City Council Policy No. 700-1 also restricts the total Change Orders approved by the CEO to 10% of the original contract amount.

Due to unforeseen conditions, the contractor is also submitting the following claims for extra work performed in the amount of \$209,252:

- Removal of underground abandoned electrical wiring and abandoned underground utilities
- Removal of a buried swimming pool and building foundations from the old Boy's Club under the open space area
- Additional asphalt concrete quantities for the parking lots
- Additional concrete quantities to provide Handicap ramps and ADA path of travel

In addition, the contract drawings required the contractor to restore the open space area, where the detention basin was installed, with grass cover (the original condition). However, due to grant requirements and the City's water conservation efforts, the contractor will be directed to replace grass with drought tolerant plants and a drip irrigation system (approximately 25,200 square feet). The additional cost for this work is estimated at \$188,700.

The total additional cost, excluding Change Order No. 1, adds up to a total of \$397,952 or 15.6% of the original contract. Therefore, Change Order No. 2 approval (Attachment 2) by the City Council is being requested in accordance with Council Policy No. 700-1.

If approved, the total for Change Orders Nos. 1 and 2 will increase the original contract amount to \$2,999,225.88 or 17.4% of the original contract price.

#### **ALTERNATIVES CONSIDERED:**

No alternatives are being considered for this item.

#### **FISCAL REVIEW:**

The Engineering Division of the Public Services Department captured grant funding from the Measure M2 Environmental Cleanup Program (ECP), Tier 2 for this project. The grant will cover 60 percent of the total project cost up to \$2.8 million. The City allocated its funding match from available Drainage Fee revenues and in-kind services performed by Engineering Division staff. City Council has recognized the grant and allocated \$3,371,600 for this project in Fiscal Year 2013-2014.

The original construction contract in the amount of \$2,553,940 was approximately \$817,660 under budget. Thus, sufficient funding is currently available for this project to cover both change orders and no additional appropriations are needed at this time.

#### **LEGAL REVIEW:**

There is no legal review required for this item.

#### **CONCLUSION:**

Unforeseen conditions during the construction of the Industrial Way Water Quality and Storm Drain Improvements project resulted in extra work beyond the original contract scope of work. In addition, in order to comply with the grant requirements for this project, and the City's water conservation measures, staff is requesting to replace the grass cover, as is called for in the original contract, within the open space area above the detention basin, with drought tolerant landscaping and a drip irrigation system.

Per City Council Policy No. 700-1, on January 7, 2015, the CEO approved Change Order No. 1 in the amount of \$47,333.88. However, additional funding for unanticipated extra work for this contract is required to complete this project. Therefore, staff is recommending that the City Council approve Change Order No. 2 in the amount of \$397,952.

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**ERNESTO MUNOZ**  
Public Services Director

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**FARIBA FAZELI**  
City Engineer

ATTACHMENTS: 1 – [Change Order No. 1](#)  
2 – [Change Order No. 2](#)

DISTRIBUTION: Chief Executive Officer  
Assistant CEO  
City Attorney  
City Clerk  
Staff