



Agenda Item No. \_\_\_\_\_

File Code No. 530.04

# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** August 7, 2012

**TO:** Mayor and Councilmembers

**FROM:** Engineering Division, Public Works Department

**SUBJECT:** Increase In Construction Change Order Authority For The Zone 6 Pavement Preparation Project

### RECOMMENDATION:

That Council authorize an increase in the Public Works Director's Change Order Authority to approve expenditures for extra work by Granite Construction Company, for the Zone 6 Pavement Preparation Project, Contract No. 23,774, in the amount of \$24,852.44 for a total Project expenditure authority of \$1,526,855.44.

### DISCUSSION:

#### BACKGROUND

The Zone 6 Pavement Preparation Project (Project) consists of repairing localized distress on various roads throughout the City, encompassing primary arterial streets mainly in the downtown area. The Project included extra work for the following road repairs: State Street at Constance Street, intersection of State Street and Ortega Street, 300 block of West Ortega Street, portions of Meigs Road, and an access road at the El Estero Wastewater Treatment Plant.

On May 17, 2011, Council awarded the Project construction contract to Granite Construction Company (Granite), in the amount of \$1,390,743, and authorized expenditures for extra work in the amount of \$111,260. Council also authorized the execution of a contract with Flowers and Associates (Flowers) for construction support services in the amount of \$109,412.

#### CURRENT STATUS

The extra road repair work was identified by staff due to existing poor conditions and Granite was directed to provide proposals for the extra work such that the work could be completed in a timely and economical fashion. Granite submitted acceptable proposals for the extra work, and staff in consultation with Flowers, authorized the extra work to

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proceed under the premise that there was adequate contract change order authority. Granite successfully completed the extra work in March 2012.

During the drafting of and prior to approval of the contract change order, staff noticed that the contract change order authority was \$111,260, which at 8 percent is lower than a more typical 10 percent change order authority. Staff and Flowers had been tracking actual quantities measured for payment in considering proposed extra work, but were assuming an incorrect contract change order authority of \$139,074.30, or 10 percent. Staff did not communicate the unique change order authority or catch the assumption in Flowers' Summary of Quantities spreadsheet, before authorizing the extra work to proceed. Therefore, it has been determined that an administrative error was made by staff. Staff has negotiated with Flowers, and Flowers has agreed to a credit of \$1,780.88, or 7 percent of construction contract coverage, for services to be performed under their contract in a good faith effort to resolve their role in making the assumption.

The total overall change order costs are \$136,112.44. This amount exceeded the change order authorization by \$24,852.44, for a total project expenditure of \$1,526,855.44. This request will be the final encumbrance to complete the Project.

**BUDGET/FINANCIAL INFORMATION:**

FUNDING

The following summarizes the additional expenditures recommended in this report:

**CONSTRUCTION CONTRACT FUNDING SUMMARY**

	<b>Base Contract</b>	<b>Change Order</b>	<b>Total</b>
Initial Contract Amount	\$1,390,743	\$111,260	<b>\$1,502,003.00</b>
Proposed Increase	-0-	\$24,852.44	<b>\$24,852.44</b>
<b>Totals</b>			<b>\$1,526,855.44</b>

The following summarizes all Project design costs, construction contract funding, and other Project costs.

### ESTIMATED TOTAL PROJECT COST

*\*Cents have been rounded to the nearest dollar in this table.*

<b>Design</b>	Subtotal	<b>\$58,646</b>
Construction Contract		\$1,390,743
Construction Change Order		\$136,112
Construction Administration (by City Staff)		\$51,611
Construction Management/Inspection (by Contract)		\$109,412
<b>Construction</b>	Subtotal	<b>\$1,687,878</b>
	<b>Project Total</b>	<b>\$1,746,524</b>

There are sufficient funds in the Streets Fund to cover the extra work item.

**PREPARED BY:** Pat Kelly, Assistant Public Works Director/City Engineer/AH/mj

**SUBMITTED BY:** Christine F. Andersen, Public Works Director

**APPROVED BY:** City Administrator's Office