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Title: CONSIDER AUTHORIZATION TO EXPEND ADDITIONAL CONSTRUCTION CONTINGENCY FOR PROJECT NO. 1043 CARSON STREET MASTER PLAN; AND CONSIDER APPROVAL OF THE SECOND AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH ANDERSON PENNA PARTNERS, INC. THE ENTIRE PROJECT HAS BEEN FUNDED FROM THE CARSON SUCCESSOR AGENCY BOND FUND (CITY COUNCIL AND SUCCESSOR AGENCY)

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Date	Ver.	Action By	Action	Result
10/4/2016	1	City Council		

Report to Mayor and City Council

Tuesday, October 04, 2016

Discussion

SUBJECT:

CONSIDER AUTHORIZATION TO EXPEND ADDITIONAL CONSTRUCTION CONTINGENCY FOR PROJECT NO. 1043 CARSON STREET MASTER PLAN; AND CONSIDER APPROVAL OF THE SECOND AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH ANDERSON PENNA PARTNERS, INC. THE ENTIRE PROJECT HAS BEEN FUNDED FROM THE CARSON SUCCESSOR AGENCY BOND FUND (CITY COUNCIL AND SUCCESSOR AGENCY)

I. SUMMARY

The Carson Street Master Plan (Project No. 1043) is currently under construction. The project implements the vision for the Carson Street Corridor (Corridor) between the I-405 and I-110 freeways, and enhances the landscaping and other features on Avalon Boulevard from the I-405 freeway to 220th Street.

One of the major components of this project is the installation of a reclaimed water line. This water line has resulted in several major change orders, consumed most of the allotted

construction contingency, and increased the time needed to complete the project.

Given that the reclaimed water line will be turned over to West Basin for ownership and operation, staff reached out to West Basin Municipal Water District (West Basin) on several occasions in order to request funding assistance to complete the installation.

With the extended timeline, the professional services agreement with AndersonPenna Partners, Inc. needs to be amended for an additional amount of \$404,133.97 in order to cover project completion.

In order to cover pending change orders, other additional work, extended construction management services, and other unforeseen construction work that may be required to complete the project, the Successor Agency Board (Agency Board) will need to authorize additional funds in the amount of \$1,034,256.47.

Staff requests that Carson Successor Agency adopt a Resolution amending the current fiscal year 2016-17 budget in the Successor Agency Bond Fund, to increase the Agency budget for this project. (Exhibit No. 1)

II. RECOMMENDATION

TAKE the following actions:

1. AUTHORIZE additional contingency funds in the amount of \$1,034,256.47 to cover pending change orders, other additional work, extended construction management services, and other unforeseen construction work that may be required to complete Project No. 1043: Carson Street Master Plan.
2. APPROPRIATE funds in the amount of \$1,034,256.47 from the unreserved, undesignated Carson Successor Agency fund balance to augment the amount currently budgeted for Project No. 1043 - Carson Street Master Plan.
3. ACCEPT funds in the amount of \$842,000.00 from West Basin Municipal District as their participating cost to cover a portion of the additional construction contingency necessary to complete the installation of the reclaimed water line, other pending change orders and unforeseen work as part of Project No. 1043 - Carson Street Master Plan.
4. APPROVE the Second Amendment to the Professional Services Agreement between the Carson Successor Agency and AndersonPenna Partners, Inc. for the additional construction management time and construction inspection services needed to complete Project No. 1043: Carson Street Master Plan, for a negotiated fee not-to-exceed \$404,133.97.
5. AUTHORIZE the Chairman to execute the Second Amendment to the Professional

Services Agreement between the Carson Successor Agency and AndersonPenna Partners, Inc., contingent upon review and approval as to form by the Agency Counsel.

6. ADOPT Resolution No. 16-22-CSA, A resolution of the Carson Successor Agency board amending the fiscal year 2016-17 budget in the Successor Agency Bond Fund, to increase the Successor Agency budget by \$1,034,256.47

III. ALTERNATIVES

1. DO NOT AUTHORIZE the expenditure of an additional construction contingency in any amount, however, this alternative may not allow for the extension of the reclaimed waterline services as planned.
2. DO NOT APPROVE the Second Amendment to the Professional Services Agreement with AndersonPenna Partners, Inc.
3. TAKE another action the Agency Board deems appropriate consistent with the requirements of the law.

IV. BACKGROUND

The Carson Street Master Plan was approved by the City Council on November 21, 2006. The master plan includes land use strategies to revitalize the corridor and street improvements, including widened sidewalks, landscaping, monument signs and improved traffic flow. The concepts for the public improvements were approved on January 8, 2014 in a City Council Workshop. Subsequently, the construction plan for the Carson Street Improvement was approved by the City Council on November 5, 2014. Project No. 1043 was initiated to implement these plans and visions. The project consists of streetscape improvements, reclaimed water line and traffic improvement measures within the Carson Street Corridor, a 1.75 mile stretch of roadway between the I-405 and the I-110 freeways, and the enhancement of the landscaping and other features on Avalon Boulevard from the I-405 freeway to 220th Street (Exhibit No. 2).

On July 7, 2015, a construction contract was awarded to Powell Constructors, Inc., in the amount of \$16,937,335.00 (Exhibit No. 3). The Successor Agency Board also authorized the expenditure of a construction contingency in an amount not to exceed \$2,540,600.25 for change orders such as the removal and remediation of contaminated soil, substructure conflicts, and other unforeseen construction work that may be required to complete this project. The original scope of work included the proposed eight inch reclaimed water line to be installed along Carson Street at a depth of 42 inches.

Construction started on August 24, 2015, and due to field conditions, including the number of utility lines in the street and the location and depth of the potable water lines, the depth of the installation for the reclaimed water line more than doubled (from 42 inches below grade to approximately 90 inches below grade). This change resulted in a substantial increase in the cost associated with the reclaimed water line installation. This added cost is attributed to the deeper and wider trenches, the increased time associated with the reclaimed water line installation, the requirement to use shoring, and the additional requirements imposed by West Basin.

During excavation, it was also discovered that the soil along Carson west of Main Street is heavily contaminated. Given the significant cost to excavate and haul the soil to a dumpsite authorized by the appropriate agency, staff recommended to City Council that the reclaimed water line west of Main Street be eliminated from the project.

The original bid amount to install the reclaimed water line on Carson Street from I-405 freeway to I-110 freeway was \$1,287,930.00. On December 15, 2015, the Agency Board directed staff to issue a change order to Powell Constructors, Inc. in the amount of \$757,261.88 in order to proceed with the installation of the reclaimed water line for Project No. 1043: Carson Street Master Plan at the increased water line depth (Exhibit No. 4). The recommended option to reduce the length of the proposed reclaimed water line on Carson Street was also selected. The reduced length was from west of the Carson Street / Main Street intersection to the Carson Street / Bonita Street intersection. The work also included installation of laterals on Main Street, Avalon Boulevard, Bonita Street and Civic Plaza Drive. The total revised cost to install the reclaimed water line was \$2,045,191.88.

Reclaimed Water line issues

As the installation of the reclaimed water line continued to progress, several utility line conflicts have been encountered which resulted in further modifications to the pipeline design, and the installation of blow-off valves and air vacuums as required per West Basin's Standard Specifications for Recycled Water line Construction. Each time the water line profile is revised or modified, approval from West Basin and the Department of Health is required prior to actual field changes being implemented. These required agency approvals have further delayed the project completion date. Staff tried to negotiate with West Basin to waive other requirements for additional appurtenances, which City's consultant believed unnecessary. West Basin denied City's request and indicated that these requirements would ensure the operability of their recycled water distribution system, and would minimize the costly repair of the pipeline in the future. As a result of complying with the West Basin requirement, the project is experiencing substantial cost increases.

West Basin's requirement for the additional blow-off valves and air vacuums required by West Basin also necessitates additional potholing at each lateral line location. These pothole requirements and several utility conflict adjustments, have increased the installation cost even higher. To date, the contractor has completed the installation of the reclaimed water line along Carson Street from west of Main St. to west of Avalon Boulevard, at a cost of approximately \$2,364,669.74. The cost estimate to complete the installation of the remainder of the proposed reclaimed water line from west of Avalon Boulevard to the Carson Street / Bonita Street intersection is approximately \$1,472,122.51. Therefore, if a decision is made tonight to proceed with the completion of the reclaimed water line installation up to the Carson Street / Bonita Street intersection, the combined total cost of the water line will be approximately \$3,836,792.25, which is significantly more than the budgeted amount of \$2,045,191.88.

If the City continues the installation of the reclaimed water line up to the Carson Street / Bonita Street intersection, the increase in cost will consume the majority of the project's construction contingency funds. Additionally, there have been several unforeseen items such as the presence of metal slag, cement treated base, contaminated soils, modifications to the Founder's Fountain design, and other electrical items which need to be

considered and addressed in order to complete this project. At this point, it is very difficult to stretch the budgeted funds to cover the scope of work. Additional funding is necessary in order to move forward with the completion of the project.

Negotiations with West Basin

In December 2015, prior to requesting the Agency Board to approve the \$757,261.88 change order, City staff met with West Basin representatives to request funding assistance for the reclaimed water line installation. In May 2016, staff met with West Basin representatives to again discuss the existing difficulty/shortfall that the City was experiencing with the reclaimed water line installation. At that time, the City requested West Basin to participate in the installation cost by providing funding assistance. Staff explained that assistance of at least \$1.2 million dollars would be helpful in completing the project. West Basin's representative denied City's request and indicated that the maximum amount West Basin could provide at that time was \$35,000.00; however, they did agree to present City's request for additional funding to the West Basin's Board of Directors for consideration.

Additional Negotiations with West Basin

As the contractor continues with the installation of reclaimed water line, more utility conflicts and issues have been encountered, which has resulted in increased cost to complete the pipeline installation. At the direction of the City Council, staff again reached to West Basin, and the City Manager sent a letter requesting assistance. A meeting with West Basin's General Manager and other representatives was held on September 8, 2016. Staff explained that City may not be able to proceed with completion of the installation if funding assistance was not extended to the City. West Basin's representatives requested that City staff provide them with cost estimates showing different options for the West Basin's Board of Directors' consideration. City staff presented the following three options for West Basin to evaluate based on their provision of service to future consumers.

Option 1 - Continue installation of the reclaimed water line from west of Avalon to east of Civic Center Drive, which would provide reclaimed water to City Hall and the Community Center. The estimated cost to complete this installation is \$957,290.93, with an anticipated project completion date in July 2017.

Option 2 - Continue installation of the reclaimed water line from west of Avalon to Bonita Street, which would provide reclaimed water to City Hall, the Community Center, Carnegie Middle School, and Calas Park in the future. The estimated cost to complete this installation is \$1,472,122.51, with an anticipated completion date in August 2017.

Option 3 - Continue installation of the reclaimed water line from west of Avalon to the I-405 freeway, which would provide reclaimed water to City Hall, the Community Center, Carnegie Middle School, Calas Park, and other future services east of the I-405 freeway. The estimated cost to complete this installation is \$1,973,784.01, with an anticipated completion date in September 2017.

On September 22, 2016, West Basin's staff presented the item to their Board of Directors

requesting funding assistance for the City. The City Manager and the General Manager had several discussions over the amount of the assistance package and ultimately, West Basin committed to funding \$842,000.00 of the cost for extending the line from west of Avalon to Bonita Street (Option 2).

Since the cost estimate to extend the water line to the desired location is approximately \$1,472,122.51, and the cost of additional construction management services needed due to extended completion time is \$404,133.97, a combined total amount of \$1,876,256.47 is needed to complete the water line installation. There is a difference of \$1,034,256.47 between the combined total amount to complete the installation and West Basin's participating cost.

Project Management

The major change order in the reclaimed water line installation significantly impacted the project schedule, and subsequently, a time extension is necessary to cover the revised scope of work. An extension of time for Anderson Penna Partners, Inc. (APP) is needed to provide additional construction management services. APP requested additional professional fees to extend the necessary construction management work and construction inspection services. For these additional services, APP submitted their proposals, and staff negotiated the agreement amendment for an additional fee no-to-exceed \$404,133.97.

Based on the above, staff is requesting that the Carson Successor Agency approve the Second Amendment to the Professional Services Agreement with AndersonPenna Partners, Inc., for the required additional construction management services and inspection services due to extension of time necessary to complete the project, for the not-to-exceed amount specified above (Exhibit No. 5).

Project Schedule

Due primarily to the delays caused by the reclaimed water line, the construction of Carson Street Master Plan has experienced major change orders to date. The original scheduled completion of this project was October 2016. Due to several unforeseen field conditions, and the additional improvements requested by City staff, it was determined that the project completion would need to be extended to November 2017. The Mayor met with City staff, the contractor and construction manager to discuss ways to shorten the project schedule, and after it was determined that the project can realistically be completed by September 2017, taking two months off of the project schedule.

Staff is also examining options to address the proposed crosswalk at all street intersections. Since the contractor is concerned about the method of construction of the planned concrete crosswalk on all street intersections, including the impact on traffic and the associated time to complete the construction in segments, staff is evaluating other options which will provide the same function and aesthetic finish to the crosswalk. The installation of colored thermoplastic striping to the existing concrete and asphalt pavement is an option currently under consideration. If staff determines that this option is reasonable and acceptable, an additional reduction to the completion date will also result, allowing completion earlier than September 2017.

Project Update Meeting

The City staff held a project update meeting in the Community Center on Monday, September 26th. Postcards were mailed to over 70 businesses on Carson Street that are impacted by the project. No one attended the workshop. During the course of the project, staff has received a total of six complaints. Most of the issues are being resolved in the field by the construction manager and city staff.

V. FISCAL IMPACT

There is no impact on the General Fund from this project, since it has been entirely funded by the Carson Successor Agency bonds. The total construction bid amount for this improvement project is \$16,937,335.00. A construction contingency in the amount of \$2,540,600.25, representing 15% of the total construction bid, is available for change orders and other unforeseen construction work that may be required to complete this project. The installation cost of the reclaimed water line and the cost of change orders associated with it, has consumed most of the allotted construction contingency fund for this project. An additional amount of \$1,876,256.47 is needed to complete the water line installation from west of Avalon to Bonita Street, and to cover the cost of the extended professional services by AndersonPenna Partners, Inc. West Basin has recently made a commitment to the City to provide \$842,000.00 as their participating cost for completing the project as planned. Carson Successor Agency is requested to authorize staff to expend additional construction contingency in the amount of \$1,034,256.47 necessary to complete the project.

These funds were not included in FY 16/17 budget, therefore, the budget will need to be increased by \$1,034,256.47. Funds should be appropriated from the undesignated Successor Agency Bond fund balance to account no. 82-70-793-981-8008/0104301.

The total Carson Successor Agency bond funds currently allocated to this project are:

<u>Fiscal Year</u>	<u>Account No.</u>	<u>Budgeted Amount</u>
2015/16	82-70-793-981-8008/0104301	\$17,000,000.00
2016/17	82-70-793-981-8008/0104301	\$5,977,175.47
TOTAL BUDGET ADOPTED		\$22,977,175.47

VI. EXHIBITS

1. Resolution No. 16-22-CSA. (pgs. 8-9)
2. Location Map. (pg. 10)
3. Minutes, July 7, 2015, Item No. 24. (pgs. 11-12)
4. Minutes, December 15, 2015, Item No. 29. (pg. 13)
5. Agreement with AndersonPenna Partners, Inc. (pg. 14-25)

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