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Title: CONSIDER APPROVAL OF AMENDMENT NO. 1 TO DESIGN-BUILD AGREEMENT WITH TRANE U.S. INC., AND APPROVAL OF RESOLUTION NO. 22-259 "A RESOLUTION OF THE CITY OF CARSON CITY COUNCIL AMENDING THE FISCAL YEAR 2022-23 BUDGET IN THE GENERAL FUND AND SPECIAL REVENUE FUNDS", PROVIDING FUNDS FOR ADDITIONAL WORK FOR PROJECT NO. 1662 - NEW AIR FILTRATION AND HVAC SYSTEMS AT CITY HALL AND THE COMMUNITY CENTER

Sponsors:

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Attachments: 1. Trane Amendment 1, 2. Resolution budget, 3. Change Order Proposal 5, 4. COP 011, 5. COP 012, 6. Change Order Proposal 1, 7. Change Order Proposal 4R1, 8. Change Order Proposal 8, 9. COP 006, 10. Change Order Proposal 9, 11. Additional Scope and Cost Details

Date	Ver.	Action By	Action	Result
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Report to Mayor and City Council

Tuesday, March 21, 2023

Consent

SUBJECT:

CONSIDER APPROVAL OF AMENDMENT NO. 1 TO DESIGN-BUILD AGREEMENT WITH TRANE U.S. INC., AND APPROVAL OF RESOLUTION NO. 22-259 "A RESOLUTION OF THE CITY OF CARSON CITY COUNCIL AMENDING THE FISCAL YEAR 2022-23 BUDGET IN THE GENERAL FUND AND SPECIAL REVENUE FUNDS", PROVIDING FUNDS FOR ADDITIONAL WORK FOR PROJECT NO. 1662 - NEW AIR FILTRATION AND HVAC SYSTEMS AT CITY HALL AND THE COMMUNITY CENTER

I. SUMMARY

Project No. 1662: Heating, Ventilation, and Air Conditioning (HVAC) Improvement Project at City Hall is part of the Capital Improvement Program (CIP) that consists of replacing old and outdated HVAC equipment such as air handler units, exhaust fans and chillers. These upgrades are intended to improve the indoor air quality in City Hall and update a system that is more than 40 years old. On January 26, 2021, the City of Carson and Trane U.S.,

Inc. (Trane) entered into a Design-Build Agreement (Agreement) whereby Trane agreed to provide design and construction services toward completion of the project.

As of March 2023, the project is substantially complete. The project was affected by supply chain related issues and inflation which have resulted in construction delays and price increases of construction materials and HVAC equipment. Additionally, to follow the American Society of Heating, Refrigerating, and Air-Conditioning Engineers ("ASHRAE") guidelines and improve the energy efficiency of the HVAC system at City Hall, the entire roof insulation system of the City Hall Building was upgraded. The supply chain issues, inflation, additional upgrades, and the unexpected construction challenges have depleted the construction contingency allocated to this project which necessitates the request for additional funding.

Staff therefore requests that the City Council approve Amendment No. 1 (Exhibit 1) to the Agreement to increase the contract sum from \$5,822,925.00 to \$6,987,346.65, expand the scope of work for the construction component of the project, and extend the performance schedule for completion of all work. Given that the approved budget for the project is \$6,546,676.00, staff requests that City Council approve an additional funding of \$440,670.65 to cover the updated contract sum associated with Amendment No. 1 for building upgrades and the issues related to supply chain related delays.

II. RECOMMENDATION

Take the following actions:

1. APPROVE Amendment No. 1 to the Design-Build Agreement with Trane U.S., Inc. for Project 1662 - New Air Filtration & HVAC System at City Hall and Community Center.
2. AUTHORIZE and DIRECT the Mayor to execute proposed Amendment No. 1 to the Design-Build Agreement with Trane U.S., Inc. following approval as to form by the City Attorney.
3. ADOPT Resolution No. 22-259 "A RESOLUTION OF THE CITY OF CARSON CITY COUNCIL AMENDING THE FISCAL YEAR 2022-23 BUDGET IN THE GENERAL FUND" (Exhibit 2) appropriating \$440,670.65 from the unreserved, undesignated General Fund account 101-99-999-999-3601 account to cover the additional construction funds.

III. ALTERNATIVES

1. DO NOT APPROVE the above recommendations, however, this alternative may not allow for the full completion of the scope of work for the project as planned.

2. Take another action the City Council deems appropriate, and consistent with the requirements of the law.

IV. BACKGROUND

On November 17, 2020, the City Council approved a Design-Build Agreement between Trane U.S., Inc. (Trane) and the City of Carson concerning Project 1662- New Air Filtration and HVAC Systems at City Hall and the Community Center, following the emergency action authorized at the August 4, 2020 City Council meeting. This project will address the air filtration, heating, and ventilation following the American Society of Heating, Refrigerating, and Air-Conditioning Engineers ("ASHRAE") guidelines by improving the energy efficiency of the HVAC system at City Hall and Community Center, and will improve the roof at City Hall building.

Since the start of construction, the scope of the project has been augmented with the goal of improving the Energy Efficiency of the HVAC systems at both City Hall and the Community Center buildings; the project has also faced some additional challenges during construction resulting in certain project delays. The additional scope, project delays and associated costs are included in Exhibit 11.

There has also been a reduction in the scope which will deduct from the project cost by an amount of \$230,977.45, as also detailed in Exhibit 11.

The total amount of the change orders including the reduction to the scope of work referenced in the above tables is \$1,164,421.78, and City Council is requested to ratify and approve the same by virtue of approving Amendment No. 1.

The original contract amount of the Design-Build Agreement with Trane for new air filtration and HVAC system replacements at City Hall and the Community Center is \$5,822,925.00, with 6% contingency funds of \$349,375.50, totaling \$6,172,300.50. The other associated costs budgeted for this project included \$25,000 for network cable installation and \$349,375.50 for construction support, were not utilized, and were used to cover much needed construction contingency instead.

The total cost of the original contract plus the completed change orders and applicable credit is \$6,987,346.65. Given that the total approved budget for the project is \$6,546,676.00, there is a budget shortfall of \$440,670.65 to cover the additional work/building upgrades, issues related to supply chain, and inflation.

Staff therefore requests that City Council approve an additional fund of \$440,670.65 and approve Amendment No. 1 to the Agreement with Trane which would increase the contract sum from \$5,822,925.00 to \$6,987,346.65. Staff anticipates that the remaining work will be completed in May 2023, and staff will bring the item back to the City Council to accept the project as complete at that time.

V. FISCAL IMPACT

Funds for this project were included in the FY 22/23 budget, but the total contract price exceeds the amount budgeted, therefore, the budget will need to be increased by \$440,670.65 additional amount. The amount should be appropriated from the unreserved, undesignated general fund balance account no. 101-99-999-999-3601 to account no. 246-80-820-904-8005.

VI. EXHIBITS

1. Amendment No.1 (pgs. 5-13)
2. Resolution Number 22-259 (pgs. 14-15)
3. Change Order Proposal 5 (pgs. 16-18)
4. Change Order Proposal 11 (pgs. 19-20)
5. Change Order Proposal 12 (pgs. 21-22)
6. Change Order Proposal 1 (pgs. 23-25)
7. Change Order Proposal 4R1 (pgs. 26-28)
8. Change Order Proposal 8 (pgs. 29-30)
9. Change Order Proposal 6 (pgs. 31-33)
10. Change Order Proposal 9 (pgs. 34-35)
11. Additional Scope and Cost Details (pg. 36)

Prepared by: Gilbert Marquez, P.E., City Engineer & Jesus Sanchez, P.E., Associate Civil Engineer