



Legislation Details (With Text)

File #: 22-363 **Version:** 1

Type: Consent Calendar **Status:** Passed

File created: 4/18/2022 **In control:** City Council/Public Financing Authority

On agenda: 5/3/2022 **Final action:** 5/3/2022

Title: Authorize additional contingency and appropriate funds for the Zone 5 Residential Overlay Project, CC-1638

Attachments: 1. Att#1 Overlay Vicinity Map-CC-1638

Date	Ver.	Action By	Action	Result
5/3/2022	1	City Council/Public Financing Authority	approved	Pass

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Sean Joyce, Interim City Manager

VIA: Sean Crumby, Director of Public Works

PREPARED BY: Joseph Fuentes, Senior Civil Engineer

Subject:

Authorize additional contingency and appropriate funds for the Zone 5 Residential Overlay Project, CC-1638

Statement of Issue:

Due to recent and significant increases in the cost of oil, additional funds are needed to complete the Zone 5 Residential Overlay Project, CC-1638.

Financial Impact:

The original cost of the project, including contingency and supplemental expenses, is \$3,034,500, with funds budgeted in the Gas Tax, Infrastructure, Water and Sewer Fund Accounts. The new project cost with a change order for asphalt increase is \$3,300,500. To address the increased costs, staff is requesting authorization for the Director of Public Works to approve change orders up to 20% of the cost of construction. Staff is also requesting an appropriation of \$266,000 from the Measure M fund balance. Adequate funds are available in the Measure M Fund (Fund 213).

Recommended Action:

- A) Authorize a 20% contingency for the Zone 5 Residential Overlay Project, CC-1638; and,
- B) Appropriate \$266,000 from the undesignated Measure M fund balance to account

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Alternative Action(s):

Reject funding and reduce project scope of work.

Analysis:

This project will rehabilitate the pavement for approximately 80 of the most deteriorated residential street segments in Maintenance Zone 5, which is bounded by Yorktown Avenue to the north, Beach Boulevard to the east, and Pacific Coast Highway to the south and west. Work will include limited localized pavement repairs, crack sealing, cold milling, striping, and asphalt overlay.

From the time of bid opening in January 2022 to the start of construction in April 2022, the cost of oil significantly increased since the time R.J. Noble provided its bid to supply asphalt for the project. Despite RJ Noble's best efforts to work around this sudden and unexpected increase, it is at a standstill from procuring the required asphalt without an equitable price adjustment.

The force majeure clause in its contract with the City works to mitigate negative effects of force majeure events such as war, acts of nature, and other situations that trigger disruptions in business operations, supply chain, labor, and materials. In this case, the price of oil has risen so dramatically that it has made it impracticable for RJ Noble to purchase asphalt and perform its paving operations without a contract price adjustment.

The original total cost of the project was \$3,034,500. The recommendation for the project is to increase the project contingency costs by an additional \$266,000 to cover any potential change orders as a result of the increase to the cost of oil. The new cost of the project is \$3,300,500.

Environmental Status:

The project is categorically exempt pursuant to Class 1, Section 15301(c) of the California Environmental Quality Act.

Strategic Plan Goal:

Infrastructure & Parks

Attachment(s):

1. Vicinity Map