

**REPORT TO MAYOR AND COUNCIL****TO THE HONORABLE MAYOR AND COUNCIL:**

DATE: December 8, 2015

SUBJECT: AUTHORIZE THE CITY MANAGER TO EXECUTE CONTRACT CHANGE ORDERS IN AMOUNTS NOT TO EXCEED \$84,000 FOR THE CLAYTON RD/TREAT BLVD. INTERSECTION CAPACITY IMPROVEMENTS PROJECT (PROJECT NO. 2144) (FUNDED BY: MEASURE J)

Report in Brief

The Clayton Road/Treat Blvd. Intersection Capacity Improvements Project (Project No. 2144) will upgrade the traffic signal at the Clayton Road and Treat Boulevard intersection, including construction of related geometric improvements to provide increased capacity and maximize the operational efficiency of the intersection during peak traffic periods. This project is under construction and is scheduled for completion by July 2016.

The project has been impacted by delays related to the discovery of Underground Storage Tanks (UST) during joint utility trench excavations; and the quantity of contaminated soil at the site are estimated to be greater than was estimated in the contract documents. Additionally, the method of installation of traffic signal conduits was revised due to the quantity and alignment of utilities in the street. The total funding required to address these additional project costs has been estimated and will not exceed a maximum of \$84,000.

Council authorization is requested to negotiate and execute these contract change orders. Staff recommends that the City Council authorize the City Manager to execute contract change orders for the Clayton Road/Treat Blvd. Intersection Capacity Improvements Project (Project No. 2144) in amounts not to exceed a total of \$84,000. There is adequate funding in the project's budget to accommodate this increased cost.

Background

In June 2009, the City Council approved the Clayton Road/Treat Blvd. Intersection Capacity Improvements Project (Project No. 2144) when it adopted the CIP Ten Year Plan. This project will improve the level of service at this intersection during weekday peak traffic hours by increasing its handling capacity to reduce vehicle delay and queuing conditions. The proposed improvements include widening the northbound Treat Boulevard approach to include two (2) left-turn lanes, two (2) thru lanes and one (1) right-turn lane, as well as upgrading the signal design. This project will improve traffic flow and reduce congestion along the Clayton Road/Treat Boulevard corridor which experiences an average daily traffic count of over 42,000 vehicles during the commute peak periods. Additionally, the State of California has deemed this corridor a Route of Regional Significance based on the high travel use by local and regional traffic.

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The City Council awarded the subject construction project to Granite Rock Construction of San Jose on March 24, 2015 in the amount of \$1,209,534. To date, two contract change orders have been executed under this contract: Additive Change Order No. 1 in the amount of \$5,071.50 for signal and lighting revisions as requested by the City; and Deductive Change Order No. 2 in the amount of -\$6,250 to revise the pipe material and improve the alignment of storm drain lateral No. 1. Additive Change Order No. 3 is pending in the amount of \$22,000 to change the method of installation of traffic signal conduits to address utility conflicts with the proposed installation.

Discussion

Underground Storage Tank Delays

The contractor began work on June 8, 2015. One of the first tasks was the installation of the joint utility trench. Before the contractor could complete this task however, on June 17, 2015, the contractor encountered two abandoned UST's. These tanks were discovered within the easement acquired for the project, next to the existing smog testing station, which was formerly a gasoline service station. After investigation by City staff, and in consultation with the property owner, it was determined that British Petroleum (BP) owned these tanks and subsequently accepted responsibility for their removal. BP contracted with Arcadis to remove the tanks and associated contaminated soil; along with the required backfilling and site restoration. The discovery of the tanks and time associated with the removal delayed Granite Rock by a number of working days. The City has received a notice from Granite Rock of potential claim for 88 working days. Granite Rock's daily overhead cost of \$414.85 has been reviewed by staff and is considered reasonable. If the City accepted the total claimed delay days as actual delays, this claim would total \$36,506.80

In addition to the above unforeseen conditions that resulted from the underground tanks, Granite Rock also has submitted justifiable hard costs of \$26,334.78 related to: a) trench plate rental associated with covering the trench excavation and UST's during the delay period (as needed for safety) as well removing and replacing steel plates to provide access to Arcadis and others during the assessment phase of the UST issue; b) conducting a topographic survey of the tank locations as requested; and c) removal of illegally dumped materials from the project site during the delayed period. Thus the potential cost associated with the UST Delay is approximately \$63,000.

The City Attorney's Office will seek reimbursement from BP for the additional costs related to the abandoned underground storage tanks. If the City is successful in obtaining reimbursement from BP, the funds will be credited to their original source.

Contaminated Soil

While excavating for the joint utility trench near the underground tank site, the excavated soil had an odor indicating potential contamination. Granite Rock had analytical tests performed that confirmed that the soil was contaminated. Though the construction contract includes a bid item for the removal and disposal of contaminated soil, the estimated quantity was 200 cubic yards. Based on the materials already excavated and projections for the upcoming project tasks involving excavation, including the excavations for the roadway section, the planter beds

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and bio-swales, storm drain, traffic signal conduits, and the traffic signal foundations it is estimated that up to 800 cubic yards of contaminated soil will need to be removed and disposed of offsite. If the full 800 cubic yards are removed, this would equate to an additional 600 cubic yards to be disposed of beyond the contracted agreement. At the bid price of \$35 per cubic yard, this would equal \$21,000. Staff will carefully monitor disposal of the contaminated soil off-hauled/disposed to determine the appropriate payment.

In order not to cause further delays to this project, staff requests that this projected amount of \$21,000 be included in the approval for a future change order associated with the project.

The estimated combined cost for these two change orders is \$84,000 (\$63,000 for UST associated delay/costs and \$21,000 for additional contaminated soil disposal). This potential amount is a maximum, and may be adjusted downward as actual work progresses and costs can be more accurately assessed. Staff request Council to authorize the change orders as a "not to exceed" cost so that work on this project can continue and be completed in a timely manner.

Fiscal Impact

The project budget includes sufficient Measure J funding in its contingency fund for the previously approved change orders (\$5,071.50 and deductive order -\$6,250) and pending change order for \$22,000 as well as for the requested additional authorization for the two additional change orders anticipated (not to exceed \$84,000). The total contingency amount for the project is approximately \$150,000.

Public Contact

The City Council agenda was posted in accordance with legal requirements.

Recommendation for Action

Staff recommends that the City Council authorize the City Manager to execute contract change orders for the Clayton Road/Treat Blvd Intersection Capacity Improvements Project (Project No. 2144) in amounts not to exceed \$84,000.

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