

**CITY OF HUNTINGTON BEACH
PUBLIC WORKS COMMISSION
REQUEST FOR ACTION**

Item No. PWC 08-33

SUBMITTED TO: Chairman Rivera and Members of the Commission
SUBMITTED BY: Travis K. Hopkins, PE, Director of Public Works 
DATE: October 15, 2008
SUBJECT: Increase Change Order Limit for Newland Widening Project
CC- 1095

Statement of Issue: The Newland Avenue Widening project scope is requested to be expanded to include additional underground dry utilities for electric and communication services. This work (Option 1) would increase the change order limit to 48% and require additional funding of \$1 million. An alternative (Option 2) would be to eliminate the underground utility component of the project except at the channel crossing.

Funding Source:

Option 1: Funds in the amount of \$1,000,000 would be allocated from the Gas Tax unappropriated fund balance to the project, Newland Avenue Widening, Account No. 20690003.82300. In addition, funds in the amount of \$350,000 would be reallocated from the project supplemental expenses balance to change orders.

Option 2: Funds in the amount of \$100,000 would be allocated from the Gas Tax unappropriated fund balance to the project. In addition, funds in the amount of \$350,000 would be reallocated from the project supplemental expenses balance to change orders.

Recommended Action: Motion to recommend to the City Council:

Option 1:

- 1) Approve increase of the change order limit to a total of 48%, or \$1,950,000.
- 2) Authorize \$1,000,000 to be appropriated from the Gas Tax fund balance to the project account.
- 3) Reallocate \$350,000 from approved supplemental expenses balance to change orders.

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Option 2:

- 1) Approve a revised scope of work to omit the underground component of utility poles along the east side of Newland Avenue, excluding the area at the flood control channel.
- 2) Approve increase of the change order limit to a total of 26%, or \$1,050,00
- 3) Authorize \$100,000 to be appropriated from the Gas Tax fund balance to the project account.
- 4) Reallocate \$350,000 from approved supplemental expenses balance to change orders.

The Public Works staff recommendation is Option 2.

Alternative Action(s): Do not approve either option and provide different direction.

Analysis: The Newland Avenue Widening project included an item to place existing overhead Southern California Edison (SCE) facilities underground via two (2) new conduits. After the project was awarded, SCE requested four (4) additional conduits for communications and future expansion of their system. In addition, Time Warner and Verizon requested seven (7) new conduits, as their facilities are currently located on the SCE poles and need to be undergrounded as well. If accommodated, these requests will result in a substantial increase in underground dry utility construction. As the contract has been awarded, the additional work would be authorized in the form of a change order. The merit of this considerable scope change has been carefully evaluated by Public Works staff. A second option is proposed which would modify the scope of work to exclude the underground requirement along the east side of Newland Avenue.

Option 1 – Perform requested utility work

The authorized change order amount would increase from 15 percent to approximately 48 percent of the contract amount. Additional funding in the amount of \$1.35 million would be required to fully fund the revised project. Of this, \$1 million would be funded from unappropriated gas tax and \$350,000 would be reallocated from the approved supplemental budget to change orders.

Time is of the essence to complete the projects, as well as to avoid costly delays. The dry utility installation is concurrent with the water line installations and is planned to begin mid-November of this year.

Concurrent with construction, the City will review the utility franchise agreements, as well as the underground utilities law. Since the project will provide expanded facilities for SCE and the communication companies, the City may be eligible for reimbursement for portions of the work. The timeliness of the construction precludes waiting for negotiations and potential reimbursement agreements.

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Option 2 – Eliminate underground utility component

The section of utility lines to be relocated is located along the east side of Newland and a large portion is immediately adjacent to the AES facility. Rather than undergo an expansive scope change, staff proposes to eliminate the underground component of the SCE lines and have AES perform the undergrounding as a condition of development if and when they redevelop/reconfigure their site.

This action will result in a series of credits that will reduce the need for additional budget appropriations to an amount of \$100,000. However, to complete the project, the reallocation of \$350,000 from approved project supplemental expenses is still necessary to maintain a contingency fund balance. The total approved change order limit would increase from 15 percent to 26 percent. Within this request are sufficient funds to address unforeseen conditions for the remainder of the project including quantity variations, unstable soil or obstructions such as abandoned oil lines. Any unused funds would be returned to the funding source.

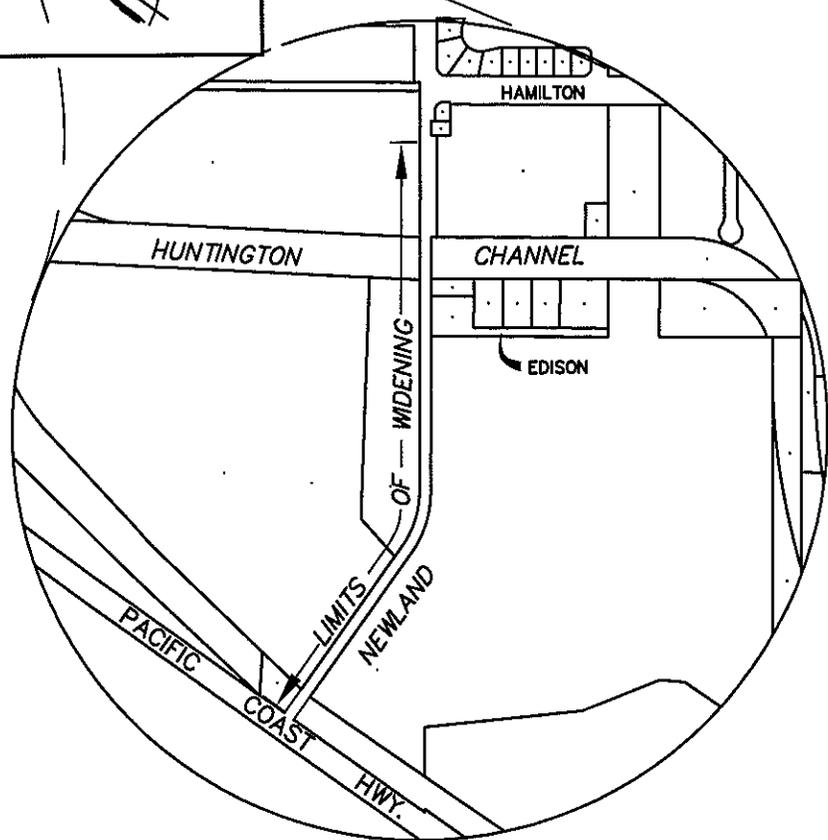
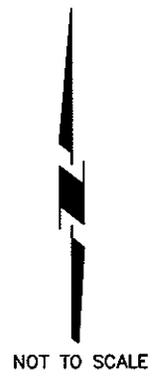
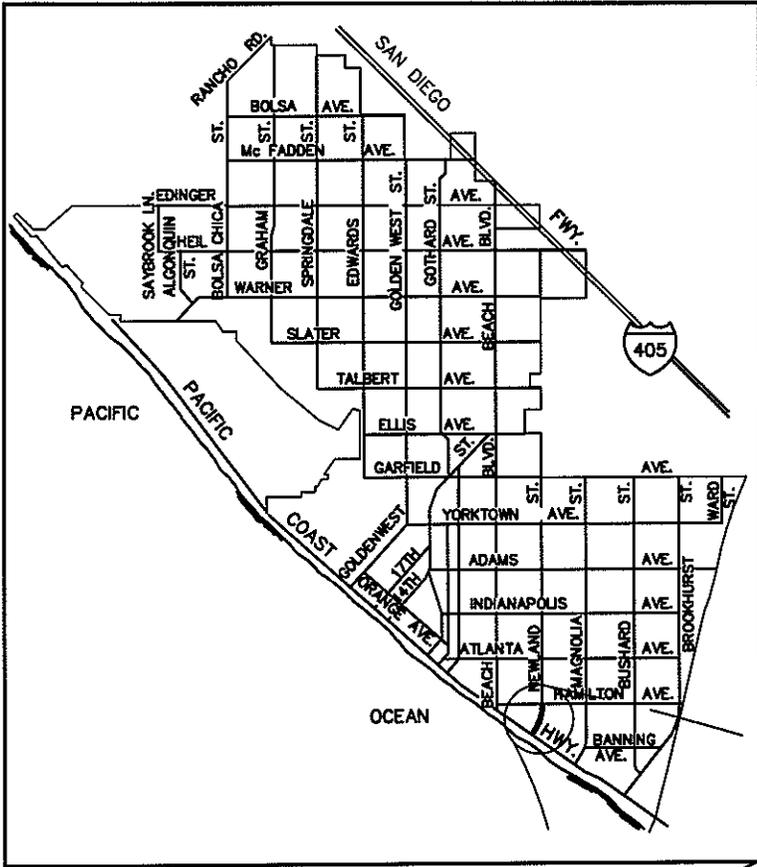
With Option 2, the project may experience some delays while awaiting an above-ground relocation design from SCE. Regardless of the recommended option, department staff will continue to work with the City Attorney to determine potential reimbursements for future utilities relocation and work.

Attachments:

Location Map

ATTACHMENT #1

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NEWLAND STREET WIDENING
IMPROVEMENT PROJECT, CC#1095

CITY OF HUNTINGTON BEACH
DEPARTMENT OF PUBLIC WORKS



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