



AGENCY: City Council  
MEETING DATE: May 28, 2024  
DEPARTMENT: Public Works  
PRESENTED BY: C. O'Neal  
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## AGENDA ITEM SUMMARY

### **TITLE:**

**Receive Report and Consider Adoption of City Council Resolutions:**

- 1) Adopt City Council Resolution Approving Contract change order #7 with Argonaut Constructors for the 2022 Streets Rehabilitation Project, Increasing the Amount to \$3,902,639.42, Categorical Exemption 15301; and**
- 2) Adopt City Council Resolution Approving Amendment #3 with SHN for the Construction Management Services on the 2022 Streets Rehabilitation Project, Increasing the Amount to \$231,900, Categorical Exemption 15301 and; Authorizing City Manager to Execute Same**

### **ISSUE:**

Change orders over 10% of the original contract amount and/or contract change orders that cumulatively exceed 10% of the original contract amount require approval by the City Council per the Purchasing Policies and Procedures in the Municipal Code (§3.20.050 & §3.20.060).

Bids and Proposals for the 2022/23 Street Rehabilitation Project were opened in June of 2023. The construction contract was awarded to Argonaut Constructors for a total contract amount of \$3,611,831.45. The construction management (CM) contract was awarded to SHN for a total amount of \$196,900. Each of these contracts has had a few change orders (Table 1 &2) and now a single change order for construction and a cumulative change order for CM has exceeded the 10% thresholds, requiring Council's review and approval.

### **ANALYSIS:**

The design of the construction project began in 2021. In early 2022, geotechnical samples were taken throughout the project areas and this information was used as the basis of design for determining project digout area quantities. The winters of 2022 and 2023 produced high quantities of rain, which had severe impacts on the condition of the roadways subscribed for this project, which were already in failing condition. The weather impacts to roadway conditions was the most detrimental along South Franklin Street where large potholes and severe alligator cracking had spread from small isolated areas to entire widths of traveled lanes. Strategically, the dig-outs for this project began on South Franklin Street as the contract team identified early on that this was the location with the greatest need for repair and the highest likelihood for changed conditions, which might result in changes to costs. The assumption was correct and both the quantity and extent of digouts needed to produce a quality project were in excess of the amount specified in the design. These early quantity increases, allowed the contract team to evaluate and identify other potential areas where costs savings could be achieved in order to ensure we could complete as much paving as possible within budget.

Contract team was able to field fit the size and location of digouts to ensure that the roadway cuts only removed failed sections of asphalt to the extent that the digout meets up with existing healthy pavement sections. This approach results in a patchwork appearance, that once covered with a slurry creates a contiguous surface. Removing healthy sections of asphalt (i.e. repairing the whole roadway) is irresponsible for both the environment and the budget. The asphalt that is placed after a digout is intentionally raised above the existing surface for two reasons. First, asphalt has a natural tendency to settle over time so the raised areas allow for settling without creating craters where water can pool. Second, the raised surface prevent ponding of water by sloping flow away from the crevices between the new patch and the existing pavement. Water is the biggest detriment to the pavement, so the sloped surface ensures that water falls away from the patches (instead of soaking into them and causing new damage). The addition of slurry is not just to correct the aesthetic patchwork created by the digouts, the slurry functions as a barrier that seals the surface to prevent saturation in the cracks to increase pavement longevity. Due to historic temperature data, the contractor and slurry subcontractor have tentatively scheduled the slurry for the week of June 10.

As described above changes in the scope and extent of work, meant that the contract team needed to go back to the drawing board to identify areas of cost savings and determine what work could be completed within budget. Additionally, since this winter was particularly wet, several contract change orders were needed just to increase the number of working days for contract completion. Extending the contract working days also resulted in a need for extension to the CM team's contract, to cover the cost of more time/staff hours as necessary to bring the project to completion. Tables 1&2, depicted in the Fiscal Impact section provides specific details about change orders to date, including running totals and percent change.

**FISCAL IMPACT:**

The total project budget available this fiscal year, which includes construction, and engineering is \$4,272,038.60. The major funding sources for this project is the City's special street sales tax, State Road Maintenance and Rehabilitation (RMRA) Local Partnership Program (LPP), Highway Safety Improvement Program (HSIP), and Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) funding. Each of these fund sources are dedicated to the improvement and rehabilitation of the City streets, alleys, and safety projects.

The original Construction contract was awarded for \$ 3,611,831.45 to Argonaut. The Construction Management Contract was awarded for \$196,900 for a total anticipated cost of \$3,808,731.45. The project started with a budgeted 12% contingency at the time of award. With the inclusion of both change orders the new project total cost is \$4,134,539.42 leaving 3% contingency available (\$137,499.19). The tables below list out change orders to date, including brief descriptions about each. The change orders for consideration under this agenda item are included as Attachment 2 & 4 to the report.

CONSTRUCTION CONTRACT WITH ARGONAUT					
			Original Contract	\$ 3,611,831.45	
Date	Change Orders	Description	Change in Cost	Running Totals	Change
10/10/2023	Change Order #1	Addition of concrete sidewalk, curb and gutter on Alder Street and curb and gutter on SW corner of W. Fir and Stewart Street.	\$ 10,504.00	\$ 3,622,335.45	0.29%
10/10/2023	Change Order #2	Add two manholes on W. Fir and Reduce project scope by not adding new storm drain.	\$ (203,620.00)	\$ 3,418,715.45	-5.49%
1/6/2024	Change Order #3	Increased extents of pavement at intersection of Oak and Harold and an increase of 40 working days.	\$ 58,528.00	\$ 3,477,243.45	-3.80%
2/5/2024	Change Order #4	Credit for reduced striping, pavement marking, and pavement paint on Oak Street.	\$ (70,254.00)	\$ 3,406,989.45	-5.84%
2/16/2024	Change Order #5	Extra 4" and 6" digouts on Franklin Street	\$ 80,109.11	\$ 3,487,098.56	-3.51%
4/22/2024	Change Order #6	Increase Contract time by 25 days working days .	\$ -	\$ 3,487,098.56	-3.51%
5/28/2024	Change Order #7	Extra work on Fir Street, Oak Street, Alder Street, Boatyard Drive, and Franklin Street.	\$ 415,540.86	\$ 3,902,639.42	7.74%

CONSTRUCTION MANAGEMENT WITH SHN					
			Original Contract	\$ 196,900.00	
Date	Change Orders	Description	Change in Cost	Running Totals	Change
1/16/2024	Change Order #1	Design Services, Curb Ramps and Bulb Outs. Design Services, Construction Management, Oak St. and Harold St.	\$ 18,500.00	\$ 215,400.00	9%
4/22/2024	Change Order #2	Increase Contract time to July 31, 2024	\$ -	\$ 215,400.00	9%
5/2/2024	Change Order #3	Design Services and Construction Management, Franklin St. and Traffic Control Assistance, Boatyard Dr.	\$16,500	\$ 231,900.00	16%

**ENVIRONMENTAL IMPACT:**

There will be a short-lived increase of greenhouse gas emissions during the construction phase due to the asphalt processes and equipment necessary for the performance of the work. Increases in greenhouse gases will only occur during actual construction. All Air Quality Management District best management practices for minimizing greenhouse gas emissions during construction, like reducing idling vehicles will be incorporated into the daily activities of this project. Additionally, projects like this that support the maintenance and long-term utility of existing streets, roads, and highways are consistent with the Preferred Growth Scenario of VisionMendocino2030, which was developed as a local version of the California Air Resources Board Sustainable Communities Strategy Blue Print Plan.

The Project is exempt by CEQA Section 15301 (C) which allows for repair, maintenance, and/or minor alteration of existing highways and streets, sidewalks, gutters, bicycle and pedestrian trails, and similar facilities (this includes road grading for the purpose of public safety); and

**CONSISTENCY:**

The primary funding source for this project is Special Street Sales Tax. This special purpose transaction and use tax was passed by the voters in 2004 and extended again in 2014 and 2023. This City's Special Street Sales Tax makes us a "Self-Help" City under RMRA, which entitles us to the additional LPP state funds described above. The use of Special Street Sales tax and RMRA funds for repairing, maintaining, and reconstructing City streets is a consistent use of their purpose.

**RECOMMENDED ACTION:**

- 1) Approving Contract change order #7 with Argonaut Constructors, for the 2022 Streets Rehabilitation Project, Increasing the Amount to \$3,902,639.42; and
- 2) Adopt City Council Resolution Approving Amendment #3 of Contract with SHN for the Construction Management Services on the 2022 Streets Rehabilitation Project, Increasing the Amount to \$231,900 and

**IMPLEMENTATION/TIMEFRAMES:**

Awarded Contracts – July 2023  
Started Construction – September 21, 2023  
Complete Construction – June 2024

**ATTACHMENTS:**

1. Reso Argonaut Change Order
2. Exhibit A - Argonaut Change Order #7
3. Reso SHN Change Order
4. Exhibit A - SHN Change Order #3

**NOTIFICATION:**

1. Argonaut Constructors
2. SHN Engineers & Geologist, Inc.