

**Council Meeting: April 6, 2010****SUBJECT: Increase Construction Contingency for Murphy Avenue Utility and Streetscape Project (TR-08/02-09)****BACKGROUND**

On May 21, 2009, City Council awarded a construction contract for the Historic Murphy Avenue Streetscape and Utilities Replacement project to Joseph J. Albanese Inc. at the lowest bid price of \$3,167,000 with a construction contingency of \$475,050 (RTC 09-130). The bid was significantly below the construction estimate. The 2009 report to council noted that the savings would be available to support additional work.

Construction is well underway with an anticipated completion date in May 2010. The project includes: improvements to the sanitary sewer, storm drainage, and water utilities; new street lighting, twinkle lights in trees, and power receptacles for events; new decorative concrete and paver sidewalks, roadway surfacing and crosswalks, decorative planters, and two decorative gateway arches located at Evelyn and at Washington.

The construction contingency has been depleted due to several unknown and unexpected underground conditions, as well as additional work necessary to complete the project's intent, and work necessary to keep the business area open and attractive to the community during construction. Staff is requesting a \$60,000 increase in the construction contract amount to replenish contingency needed to complete the project without delay. Staff is also requesting a contract amendment to add the streetscape improvements at the intersection of Murphy Avenue and Washington Avenue at a cost of \$185,000. There are sufficient funds within the capital project budgets to support these contract amendments without any budget modification.

DISCUSSION**Use of Existing Construction Contingency**

Change orders were issued for the following categories of work:

- Relocating utilities in conflict with PG&E or as necessary to address other unknown underground conditions. \$265,000
- Expanding streetscape improvements to include the north side of Washington between Frances and the alley. Although included in the

approved concept plan, this work was not included in the construction scope since the building's awning prevented installation. After the building owner modified the awning, this allowed installation of the 4 streetlights and sidewalk paving. \$81,000

- Addition of grease interceptors that were designed, but were not included in the contract scope. Business/property owners needed to execute an encroachment agreement, agreeing to maintain the interceptors, insure and indemnify the City for their use, and pay for their units. Businesses will also need to modify their buildings plumbing at their expense, as necessary to use the grease interceptor. Six businesses requested these installations and complied with the requirements, only after the bid. \$52,000
- Work to mitigate construction impacts included: additional temporary bridges, holiday lighting, and provisions to support the holiday tree lighting, and relocation of the construction yard away from surface parking south of Murphy Avenue near Macy's. \$40,000
- Other minor modifications to the construction plans necessary to obtain the overall design intent. \$25,000

The contract change order work either addressed unknown conditions or took advantage of favorable costs and provided immediate benefits to the public, for a comprehensive downtown improvement. Approximately \$12,000 of the original \$475,000 construction contingency remains. Staff is requesting a contract increase of \$60,000 to maintain sufficient construction contingency for completion of the project without delay.

Washington Avenue and Murphy Avenue Intersection

The Murphy Avenue Utilities and Streetscape project boundaries were coordinated with the Town Center project's planned schedule to complete streetscape improvements along Washington Street near Murphy Avenue before the Murphy Avenue project's completion. After the bidding for the Murphy Avenue project, the Town Center work was suspended due to financial circumstances of the development. Without completing the intersection at Murphy and Washington, the City's Murphy Avenue project may appear incomplete and deficiencies to pedestrian access will remain. Completing the intersection as part of the current Murphy Avenue construction contract would reduce future disruption to Murphy Avenue as well as correcting pedestrian access deficiencies. Whereas, completing the intersection at a later date would involve another street closure and related construction impacts. The intersection is currently in a state of disrepair with several temporary pavement patches in the street, crosswalks and sidewalk area as a result of Town Center underground utility work.

This intersection is commonly included in downtown events, in many instances being closed to vehicular traffic to allow pedestrian use of the roadway surface. Cost to reconstruct the intersection of Washington Avenue and Murphy Avenue is approximately \$185,000. This cost is in line with and based upon the favorably low contract prices received by the low bid contractor.

Plans already exist to rebuild the entire intersection of Washington Avenue-Murphy Avenue to the geometry established by both the Murphy Avenue project and the Town Center project. Staff proposes to do the intersection improvements up to the south curb line of Washington only. The southerly portion of Murphy Avenue in Block 6 cannot be built at this time because of the presence of existing PG&E facilities in Washington Avenue sidewalk area that will be removed when new utility services are constructed in Murphy Avenue, south of Washington Avenue.

Plans have been prepared by the Town Center Developer and surety bonds have been posted with the City for completion of this work. Upon approval by the City Council staff will notify the Town Center receiver of its intent to complete the work, due to its failure to meet the schedule.

FISCAL IMPACT

The Historic Murphy Avenue Streetscape and Utilities project is funded from several capital projects. Water Main Replacement project (825451) covers the costs of the water main replacement and is funded by the Water Fund. The Murphy and Evelyn Sewer Infrastructure project (827080) covers the cost of the storm drainage and sanitary sewer related work and is funded by the Wastewater Fund. The Murphy Avenue Streetscape project (826810) covers the streetscape improvements and is funded by grant funds, the General Fund and the Redevelopment Agency Fund.

Costs for the streetscape improvements at the intersection of Washington and Murphy Avenue, is an obligation of the Town Center Developer. The City has informed the Receiver of the cost for this work and anticipates reimbursement from the developer. Due to favorable bids, there are sufficient funds in the Murphy and Evelyn Sewer Infrastructure project (827080) and the Murphy Avenue Streetscape project (826810) to cover the costs of the proposed increase in the construction contract, and therefore there is no budget modification required.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making

the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

All downtown businesses and the Sunnyvale Downtown Business Improvement Association were also informed of the grease interceptor program.

ALTERNATIVES

1. Approve an increase in the construction contract contingency with Joseph J. Albanese in the amount of \$60,000 from Murphy and Evelyn Sewer Infrastructure project (827080).
2. Approve an increase in the construction contract contingency with Joseph J. Albanese in the amount of \$185,000, from Murphy Avenue Streetscape project (826810), to extend streetscape improvements into the intersection at Murphy Avenue and Washington.
3. Take no action.

RECOMMENDATION

Staff recommends Alternative No. 1 and 2: for Council to approve an increase in the construction contract contingency with Joseph J. Albanese in the amount of \$60,000, from the Murphy and Evelyn Sewer Infrastructure Project; and to approve an increase in the construction contract contingency with Joseph J. Albanese in the amount of \$185,000, from the Murphy Avenue Streetscape project (826810), to extend streetscape improvements into the intersection at Murphy Avenue and Washington.

The increased construction contingency is necessary for the completion of the project without delay. Extending the streetscape improvements into the intersection at Murphy and Washington Avenue now would be efficient and would avoid future disruption to businesses that would occur if this work was done at a later date. It will also provide significant pedestrian access enhancements in this heavily used pedestrian and vehicular corridor. There are sufficient funds in the Murphy Avenue Streetscape project budgets for these purposes.

Reviewed by:

Marvin Rose, Director of Public Works
Prepared by: Mark Rogge

Reviewed by:

Mary Bradley, Director of Finance

Approved by:

Gary M. Luebbbers, City Manager