



Council Meeting: April 24, 2012

**SUBJECT: Increase Construction Contingency for Project 822710,
Mathilda Avenue Railroad Overpass Improvements**

BACKGROUND

This project involves widening and modifying the Mathilda Avenue Bridge at Evelyn Avenue and the Caltrain tracks to address deficiencies identified by Caltrans. The original engineer's estimate for the construction phase of the project, excluding contingency, was \$23,861,000. Bids received in November 2009 were very competitive, with the lowest bid of \$15,652,311 being \$8,208,689, or 34%, below the engineer's estimate.

On January 12, 2010, the City Council awarded Bid No. F0910-29 to RGW Construction Inc. of Livermore in the amount of \$15,652,311 with a 15% contingency of \$2,347,847 for a total amount of \$18,000,158. Construction is in progress and is expected to be completed in May 2012.

Budgeted funds are available in Capital Project 822710 (Mathilda Avenue Railroad Overpass Improvements). The project is funded by a Caltrans administered grant (Federal Highway Bridge Program) which pays 88.53% of total cost, and with 11.47% City share funded through a combination of Gas Tax revenues, Measure A funds and Traffic Mitigation Fees.

Approval is requested to increase the construction contract contingency by \$200,000 to allow for completion of the remaining work of this project.

EXISTING POLICY

Land Use and Transportation Element C3.1.4, Study and implement physical and operational improvements to optimize roadway and intersection capacities.

DISCUSSION

Construction commenced on October 3, 2010 and was projected to be completed by January 2012. Numerous issues were encountered during construction that resulted in extending the completion date and increasing the project's cost. These issues included: discovery of unmarked underground utilities and subsurface foundations that conflicted with placement of the new work; nesting birds in the soffits of the existing bridge structure; increased public convenience and traffic control costs; and underestimated bid quantities.

The changed conditions required design and construction modifications. The cumulative effect of the changes and underestimated bid quantities has depleted most of the construction contingency. As a result, the current construction contingency is insufficient to complete construction. A \$200,000 contingency increase is necessary to avoid further delay and to complete construction in mid to late May, weather permitting. There are sufficient grant and local share funds in the Construction Phase of this project to cover the increased contingency amount without a budget modification.

The contractor has submitted several notices of potential claim. Where the claims had merit the City issued contract change orders from the construction contingency, or rejected claims where they had no merit. While the requested increase in the construction contingency is intended to cover known costs to complete the project, the contractor may further pursue rejected claims. In this event staff would return to Council if additional funds were necessary to settle claims and close out the project. Staff is also keeping Caltrans, the grant administrator, informed of the status of the project, in case additional funds are necessary to address claims.

FISCAL IMPACT

There is no budgetary impact to increasing the construction contingency by \$200,000, as the existing budget for the City's share of project costs is sufficient to absorb this increase. The total available budget for the City's share is based on the original engineer's estimate of total project costs prior to the bid opening. Since bids were significantly lower than the engineer's estimate, there were excess funds available for additional project contingencies such as the one currently required. These funds are available in Capital Project 822710 - Mathilda Avenue Railroad Overpass Improvements.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, in the Council Chambers lobby, in the Office of the City Clerk, at the Library, Senior Center, Community Center, and Department of Public Safety; posting the agenda and report on the City's Web site; and making the report available at the Library and the Office of the City Clerk.

RECOMMENDATION

It is recommended that Council approve an increase of \$200,000 to the construction contract contingency to allow for completion of the remaining work on this construction project.

Reviewed by:

Kent Steffens, Director of Public Works
Prepared by: Nasser Fakih, Assistant City Engineer

Approved by:

Gary M. Luebbers
City Manager