



City Council

Approval for Additional Spending Authority for the 18th Avenue Improvements Project

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Title

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Issue:

Early in construction, the City's Contractor, Active Construction, Inc. (ACI) discovered a technical issue in the field. The cost to address this issue will use most of the construction contingency. Staff is requesting that Council authorize additional construction contingency since the project is in an early phase.

Committee Recommendation:

Not referred to a committee.

City Manager's Recommendation:

Move to authorize the City Manager to approve contract changes up to 15% of the original contract amount for the 18th Avenue Improvements project.

Staff Contact:

Jim Rioux, Project Manager, Public Works Technical Service, 360.753.8484

Presenter(s):

None - consent calendar item.

Background and Analysis:

During the second week of construction, ACI began excavating two storm ponds. The contract plans and specifications directed ACI to use the material they removed from the storm ponds and place it under the new sidewalks. This is a common practice to reduce construction cost.

During excavation, the Project Engineer discovered that the soil in this area could not be used under the sidewalks due to problems with compaction. This was a surprise because soil near this same area was acceptable for a similar project. Staff directed ACI to remove the unsuitable soils and replace them with gravel that met the contract requirements. This resulted in a large change order, early on in the project construction.

The original contract contingency was \$252,040 (10 percent of the construction contract amount). This first change order totaling \$218,000 leaves approximately \$34,000 remaining in the award contingency. Once this remaining award contingency is used, each subsequent change order would require Council approval, possibly resulting in contract delays and extra costs. Given the amount of work left on this project, staff

believes there is not enough spending authority to address typical changes in a timely and efficient manner. It is common on a project of this size and complexity to have several change orders.

Change orders are negotiated with the Contractor by Engineering staff. The City Manager currently approves project change orders up to 10% of the original contract amount.

Staff also considered deleting work from the project but could not identify any work to delete without jeopardizing the federal grant.

Neighborhood/Community Interests (if known):

None

Options:

1. Authorize an increase in spending authority from 10% to 15% of the original contract amount.
2. Direct staff to manage the project with the amounts originally authorized. Council will approve all future change order requests, regardless of amount.

Financial Impact:

Increasing the spending authority from 10% to 15% of the original contract amount will allow staff to authorize an additional \$126,020 in change orders. Because of the favorable bid, there are sufficient funds available to cover this budget increase without impacting other Transportation projects.