



## **CITY OF MENIFEE**

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SUBJECT: Agreement Amendment with Southstar Engineering & Consulting, Inc., for Construction Management Services for the Holland Road/I-215 Overcrossing Project

MEETING DATE: September 4, 2024

TO: Mayor and City Council

PREPARED BY: Carlos Geronimo, Engineering Manager

REVIEWED BY: Nick Fidler, Public Works Director

APPROVED BY: Armando G. Villa, City Manager

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### **RECOMMENDED ACTION**

1. Approve and authorize the City Manager to execute Amendment No. 2 to the Professional Services Agreement with Southstar Engineering & Consulting, Inc. increasing the compensation by \$228,000 for a total agreement amount not-to-exceed \$4,628,642.74, for the Holland Road / I-215 Overcrossing Project, Capital Improvement Program Project No. CIP 13-03.

### **DISCUSSION**

The Holland Road / I-215 Overcrossing, Capital Improvement Program (CIP) Project No. 13-03 ("Project"), is the construction of a new four-lane bridge over Interstate 215 (I-215) from Haun Road to Hanover Lane to provide a connection between the City's east and west sides. Construction of the Project requires installation of mechanically stabilized earth retaining walls on the east side, improvements to drainage, irrigation, landscaping, and the installation of traffic signals on Holland Road at Haun Road and Hanover Lane.

On November 3, 2021, the City Council approved a Professional Service Agreement (PSA) with Southstar Engineering and Consulting Inc. (Southstar) to provide construction management and inspection services for the Project. At the time of the PSA execution, it was anticipated that the construction phase of the Project would commence in October 2022 and be completed by April 2024.

On November 15, 2023, the City Council approved Amendment No.1 to the original agreement with Southstar for additional compensation in the amount of \$1,152,405.31 and extended the agreement terms through December 31, 2024. The increased compensation approved in Amendment No.1 was necessary to cover the additional services resulting from Project schedule

delays due to unforeseen field conditions, unknown utilities encountered during the installation of sewer and water mains, and weather delays. During this time, the prime construction contractor for the Project, Riverside Construction Company, Inc., (“Contractor”) made three claims that they alleged prevented them from moving forward with the construction of the bridge foundations. The three claims included unknown subsurface conditions encountered beyond what was shown in the plans and specifications, material quantities within the Bid Schedule that were unclear, and the discovery of unknown underground utilities. The Contractor requested additional compensation and time-related overhead due to these claims. In accordance with Caltrans’ 2018 Standard Specifications, section 5-1.43E(1)(e), the Contractor’s claim (“dispute”) was referred to the Dispute Board Resolution (DRB) to request a dispute meeting. Establishment of a DRB is a requirement for all projects within Caltrans right-of-way and serves as a forum for the timely resolution of disputes which may arise during a project of this magnitude.

In April 2024, the DRB concluded their review of the dispute. The DRB board members concluded that there was no merit to the Contractor’s claims of unknown subsurface conditions beyond what was shown in the plans and specifications, as well as their claim that the material quantities within the Bid Schedule were unclear. The third claim of the discovery of unknown underground utilities was deemed valid by the DRB. This determination resulted in 51 working days being added to the Project’s timeline. An additional 11 working days were also added to the Project’s timeline to address delays resulting from a critical revision required for the waterline located inside the bridge structure. The additional working days for the Project were previously approved through Contract Change Order No. 10 and Contract Change Order No. 11.

The Project is now anticipated to be substantially completed by October 2024. As a result of the extension of the Project’s timeline, the scope of work for Southstar must also be increased to allow for continued construction management and inspection services. These services are critical to ensure proper technical oversight for delivery of a high-quality Project and to properly carry out the Project through completion of the construction phase and closeout.

Amendment No. 2 would increase Southstar’s agreement by \$228,000, increasing the total not-to-exceed amount of the agreement to \$4,628,624.74. Southstar’s amendment history for the Project is summarized in Table 1 below.

**TABLE 1 – SOUTHSTAR AGREEMENT HISTORY**

PSA Activity	Approval Date	Summary of Changes	Value
Original Contract	November 3, 2021	Construction Management (CM) services	\$3,248,237.43
Amendment No. 1	November 15, 2023	Additional CM Services due to unforeseen conditions	\$1,152,405.31
<i>Amendment No. 2</i>	<i>TBD</i>	<i>Additional CM Services due resolution of disputed time delays</i>	<i>\$228,000.00</i>
<b>TOTAL</b>			<b>\$4,628,642.74</b>

Pursuant to Menifee Municipal Code §3.12.090, amendments or change orders in the amount greater than 10% of the original agreement amount, or that exceed the City Manager’s signing authority, shall be approved by the City Council.

## **STRATEGIC PLAN OBJECTIVE**

Connectivity and Mobility

## **FISCAL IMPACT**

The fiscal impact of the proposed increase to Southstar's agreement for construction management services is \$228,000, for a total not-to-exceed agreement amount of \$4,628,642.74. Funding for the proposed increase is available within the prior fiscal year budgets within the Capital Fund (4320-PWD-CIPS-760000) and the Menifee Valley Road and Bridge Benefit District Fund (2415-PWD-CIPS-760000), as summarized in Table 2 below. No additional budget activity would be required for this action.

**TABLE 2 – EXISTING PROJECT BUDGET**

Project	Account Numbered	Available Budget	Amount Requested
Holland Road/I-215 Overcrossing, CIP No. 13-03	4320-PWD-CIPS-760000	\$166,759.72	\$166,759.72
Holland Road/I-215 Overcrossing, CIP No. 13-03	2415-PWD-CIPS-760000	\$335,043.66	\$61,240.28
<b>Total</b>		<b>\$501,803.38</b>	<b>\$228,000.00</b>

## **ATTACHMENTS**

1. Project Location Map
2. Amendment No. 2 - Southstar
3. Original Agreement - Southstar
4. Amendment No. 1 – Southstar