



CITY OF MENIFEE

SUBJECT: Agreement Amendment No. 1 with Southstar Engineering & Consulting, Inc., for the Holland Road/I-215 Overcrossing Project Construction Management

MEETING DATE: November 15, 2023

TO: Mayor and City Council

PREPARED BY: Carlos Geronimo, Engineering Manager

REVIEWED BY: Nick Fidler, Public Works Director

APPROVED BY: Rebekah Kramer, Acting City Manager

RECOMMENDED ACTION

1. Approve and authorize the City Manager to execute Amendment No. 1 to the Professional Services Agreement with Southstar Engineering & Consulting, Inc. increasing the compensation by \$1,152,405.31 for a total agreement amount not-to-exceed \$4,400,642.74, and extending the term through December 31, 2024, for the Holland Road / I-215 Overcrossing, 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.

Although staff makes every effort to carefully study and anticipate the extent of the scope of work required to achieve project goals, unforeseen needs are often encountered as a project of this magnitude progresses. Unknown site conditions, weather, and expanded environmental requirements brought about by newly identified site conditions may result in necessary increases to the scope of work and extensions to a project's timeline. Each of these factors can result in project delays and additional costs that were unknown at the time of original project proposals.

The Project has presented several unanticipated circumstances which have resulted in the need to amend the compensation and term of the City's current construction management agreement with Southstar Engineering and Consulting Inc. (Southstar).

On November 3, 2021, the City of Menifee entered into a Professional Services Agreement (PSA) with 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. The Project is supported by a combination of federal, local, and regional funding sources. Due to eligibility restrictions for the use of the various funding sources, and to support expenditure tracking and transparency, the Project work was separated into two individual subprojects to be conducted in parallel. Work related to the construction of the underground water, sewer and recycled water utilities (Underground Utilities) on the west side of the I-215 was separated from the Project work of actually constructing the overcrossing facility (Overcrossing Construction). This separation of Project work provided a clean distinction between the Underground Utilities portion of the Project that is supported by federal American Rescue Plan Act (ARPA) funds and the Project work of the Overcrossing Construction which is supported by local and regional funds.

Southstar's original proposal was to manage a single project for a duration of 12 months. Separation of the Project work has resulted in the need for Southstar to manage the two subprojects separately and in doing so, oversee two separate contractors, even though both subprojects are part of CIP 13-03. In an effort to keep the Project moving, Southstar agreed to manage both projects under the original PSA until such time as the PSA was able to be re-evaluated to address the scope, compensation and term updates resulting from the Project split.

The Underground Utilities portion of the Project was awarded to Ferreira and began in January 2023, with the construction of the Underground Utilities while the environmental clearance and encroachment permits were being finalized for the Overcrossing Construction. The Underground Utilities work was bid for 55 working days and scheduled to finish in March 2023.

During Ferreira's initial potholing and excavation of the underground utilities it became evident that there were a number of unexpected conditions existing at the Project site. Unknown in-ground utilities from communication companies were discovered that were not shown on the plans and existing pipe elevations. In additions, locations shown on other utility as-builts did not match the field conditions on both sides of I-215. To add to the challenges, heavy rains during the previous months elevated the underground water table causing the proposed sewer line trenching to be in a wet condition. These issues caused the Project to be suspended while plans were revised and approved. These field conditions necessitated that a change order be negotiated by Southstar with Ferreira. At the same time, delays were experienced in both CalTrans approvals of the necessary Encroachment Permit and necessary Environmental Mitigation credits being secured to satisfy the permitting agencies' requirements for the Project.

These issues, combined, resulted in the Project timeline being delayed by approximately six months beyond the original target start date. The Project is now scheduled to be substantially completed by July 2024.

Given the extent of the Project delays and the division of the Project into subprojects, it became necessary to revise the original PSA with Southstar. Southstar initially proposed an \$1.7 million increase in the contract amount. Staff negotiated with the Southstar on multiple occasions, and ultimately Southstar agreed to an increase of \$1.15 million to cover the additional time and work

caused by the project delays. The table below summarizes the construction amendment history for this project.

Table 1 – Southstar Agreement History:

PSA Activity	Approval Date	Summary of Changes	Value
Original Contract	November 3, 2021	Construction Management services	\$3,248,237.43
Amendment No. 1	TBD	Additional CM Services due to unforeseen conditions	\$1,152,405.31
TOTAL			\$4,400,642.74

Based on these circumstances, for the City to manage and deliver a high-quality project and properly close out the Project with the multiple agencies involved, the budget for the Project needs to be increased and the amendment for the PSA needs to be approved.

STRATEGIC PLAN OBJECTIVE

Connectivity and Mobility

FISCAL IMPACT

The total fiscal impact for proposed Amendment No. 1 with Southstar would be \$1,152,405.31. Funding is available for Amendment No. 1 in the Project's approved fiscal year 2023-24 budget, as summarized in Table 2 below.

Table 2 – Identified Project Funding

Fund	Account Number	Available Balance	Cost of Additional Services
DIF – Citywide Circulation	526-4555-58021	\$1,221,467.34	\$1,152,405.31

ATTACHMENTS

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