



## **CITY OF MENIFEE**

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**SUBJECT:** Appropriation of Developer In-Lieu Fair-Share Funds and Contract Change Order No. 4 for the Holland Road / I-215 Overcrossing Project, Capital Improvement Project No. 13-03

**MEETING DATE:** July 19, 2023

**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. Adopt a Budget Amendment Resolution approving the appropriation of Developer In-Lieu Fair-Share deposits in a total amount of \$240,615 (\$106,336 from Trust Fund Account No. 350-2256, \$117,000 from Account No. 350-2360, and \$17,279 from Account No. 350-2370) Cash-In-Lieu for Holland Road to Revenue Account No. 320-3899 and Expenditure Account No. 320-4555-58021 for the Holland Road / I-215 Overcrossing Project, Capital Improvement Project No. 13-03; and
2. Approve an increase to the contract contingency amount with Ferreira Coastal Construction Company to a total of \$179,794, or 25% of the original contract amount, and authorize the City Manager to approve future change orders up to the same amount or less; and
3. Authorize the City Manager to approve Contract Change Order No. 4 with Ferreira Coastal Construction Company in a not-to-exceed amount of \$94,056.97.

### **DISCUSSION**

The Holland Road / I-215 Overcrossing Project is currently in construction to build a four-lane bridge and road over I-215 from Haun Road to Hanover Lane to connect the City's east and west sides.

Recent development projects within the City were required to provide a "fair-share" contribution in support of improvements related to the Project as new developments bring impacts that increase traffic congestion. Fair-share amounts for the Project were established within each developer's Conditions of Approval (COA), have previously been deposited with the City by the developers, and are summarized in Table No. 1 on the following page.

**Table No. 1 – Fair-Share Summary**

Developer	Tract No.	Tract Name	Development Location	Fair-Share Amount	Improvement
<b>Lennar</b>	36303	Menifee Town Center DA5 - Parkridge	North of Holland Road / East of Sherman Road	\$ 106,336	Traffic signal / turn lanes - Haun Road and Holland Road
				\$ 117,000	Road widening - ultimate width - Holland Rd (Haun to Hanover)
<b>DR Horton</b>	36852	Del Oro	South of Holland Road / East of Hanover Lane	\$ 17,279	Hanover Lane / Holland Road Traffic Signal
<b>Total Fair-Share Contributions:</b>				<b>\$ 240,615</b>	

The fair-share amounts shown above are now needed to assist in funding the Project to ensure it advances on time and on schedule and to avoid interruption to the work flow. The approval of the attached Budget Adjustment Resolution (BAR) would appropriate these fair-share funds to the Project. Transfer of these funds to the Project at this time would provide funding availability to support staff in quickly addressing unforeseen costs that may arise due to unknown project site conditions which are common on large complex capital projects, such as this Project.

On October 19, 2022, the City Council awarded a contract to Ferreira Coastal Construction Company in the amount of \$719,174 to perform construction services for the water, sewer, and recycled water utility work related to the Project. The contractor immediately began work after receiving the Notice to Proceed from the City. Unfortunately, the initial excavations for the underground utilities exposed several unmarked and unknown utilities, as well as other unknown site conditions, which prevented the timely execution of the work. This resulted in the need for additional revisions and changes to the original Scope of Work. The unknown utilities and differing site conditions have resulted in a total of four contract change orders totaling \$101,198.07, as identified in Table No. 2 below:

**Table No. 2 – Ferreira Change Order Summary**

Change Order No.	Date Approved	Description of Services	Amount
<b>1</b>	March 3, 2023	Canceled sewer line for SCE vault – material restocking fee	\$398.14
<b>2</b>	March 15, 2023	Additional potholing of three previously unidentified utilities	\$5,365.16
<b>3</b>	March 30, 2023	Material change of piping due to EMWD water line standards	\$1,377.80
<b>4</b>	July 19, 2023 (pending)	Additional labor efforts due to sewer line conflict with unmarked utilities, encountered groundwater, differing elevations, potholing utilities not identified on plans.	\$94,056.97
<b>TOTAL</b>			<b>\$101,198.07</b>

Contract Change Orders No. 1 - 3 identified in Table No. 2 were a result of unknown utility lines discovered during excavation for the installation of a proposed sewer line required for the Project.

Contract Change Order No. 4 resulted due to differing site conditions and other unknown utilities which created an obstacle and changed the manner of construction method required to avoid these utilities. Additionally, due to an abnormally wet winter, ground water was encountered at higher-than-expected elevations and resulted in additional efforts to dewater the sewer line trench. The City and Contractor agreed that in order to advance this Project and avoid more delays, this work would be paid on a Time and Materials (T&M) basis. The City's construction manager inspected the work and recorded all T&M eligible work. Once the work was completed the Construction Manager and Contractor negotiated the items of work, extent of work, materials, credits, labor, and equipment eligible for this T&M. Staff has reviewed the documents and is in agreement with the cost of the work under Contract Change Order No. 4.

Approval of Contract Change Order No. 4 exceeds 10% of the total contract value, and per Municipal Code (MC) § 3.12.090, approval must be made by the City Council. In addition, the work is still progressing with more excavation needed for other utility installations that could potentially have unknown conditions. Addressing such utility conflicts in a timely manner is critical to the Project's schedule. For this reason, staff would like to request that the contingency for the contract with Ferreira be increased from the standard 10%, as outlined in MC § 3.12.090, to 25% to account for potential additional unknown conditions. By increasing the contingency and authorizing the City Manager to approve change orders up to 25% of the original contract value, or \$179,794, the Project schedule would be protected against potential future delays. Staff recommends approval of Change Order No. 4 and increasing Ferreira's contract contingency to 25% of the total cost of the original contract. Existing budget is available in the Project to cover for the increase in contingency for this contract as outlined in Table No. 3 in the Fiscal Impact section of this report.

### **STRATEGIC PLAN OBJECTIVE**

Connectivity and Mobility

### **FISCAL IMPACT**

Budget Amendment Resolutions for fair- share contributions collected from various developers in the amounts of \$106,336 from Account No. 350-2256, \$117,000 from Account No. 350-2360, and \$17,279 from Account No. 350-2370 would be appropriated to the Project account. The total appropriation would be \$240,615 to Account No. 320-4555-58021 for the Project and \$240,615 to Revenue Account No. 320-3899.

There is existing funding in the Project account to cover the proposed increase in contingency to Ferreira's Construction Contract and payment of Contract Change Order No. 4, as outlined in Table No. 3 on the following page. There are no additional fiscal impacts associated with the recommended actions.

**Table No. 3 – Existing Project Funding**

<b>Fund</b>	<b>Project</b>	<b>Account Number</b>	<b>Available Budget</b>	<b>Change Order No. 4</b>
DIF Citywide – Circulation	Holland Road/ I-215 Overcrossing	526-4555-58021	\$621,265.72	\$94,056.97
<b>TOTAL</b>			<b>\$621,265.72</b>	<b>\$94,056.97</b>

**ATTACHMENTS**

1. Project Location Map
2. Contract Change Order No. 4 with Ferreira
3. Budget Amendment Resolution