

City Of Piedmont Council Agenda Report

DATE: February 6, 2010

FROM: Geoffrey L. Grote, City Administrator
Mark Bichsel, Finance/HR Director
Ann Swift, City Clerk

SUBJECT: **Consideration of an Appropriation of \$1,150,000 for Projected Construction Costs to Complete the Piedmont Hills Underground Utility District**

Recommendation

Despite the very bad news contained in this report, the council should advance the funds necessary to complete the construction and continue to vigorously pursue all possible remedies.

Background

On Monday, December 7 and Saturday, December 12, 2009, the city council met to consider cost overruns in the Piedmont Hills Underground Assessment District. The primary cause of cost overruns discussed at those meetings was pervasive rock which was not identified on the project improvement plans and for which the city was paying on a time and materials basis. Four options were considered by the council, including closure of the project. There were two options considered for rock costs through the end of the project, a Negotiated Offer for rock work which was a “not to exceed” amount of \$1,217,850 and Option 4 developed by staff in the amount of \$1,004,832. Following significant discussion and public testimony, the city council appropriated \$1,004,000.

Since that time several new, unknown conditions have been discovered. Most importantly, the actual linear feet of trench required for the project is drastically different than noted on the plans. The first inkling of this discrepancy happened in early January when Valley Utility was unable to match the amount of pipe they had ordered for the project with the actual quantities installed. In the past week, Piedmont’s new city engineering firm conducted a field review and measurement of all unfinished work. They discovered massive discrepancies such as Calvert Court. To the best of the city’s knowledge, approximately 500 feet of trench remained to be installed on Calvert Court. Actual measurements disclosed 811 feet remaining. Similar errors occurred throughout the plans. In December, staff reported that there was approximately 2,200 feet of unfinished trench. After two months of work, it has now been determined that the actual remaining trench footage is 3,950 (1,727 feet of regular trench and 2,223 feet of rock).

Additional problems have occurred due to utility plan errors. Costs have been incurred for missing trench data, required equipment relocation due to inappropriate site selection, etc. In one case, the utility plan erroneously called for a pole to remain within the undergrounding district. Correction of this mistake (removal of the pole) caused the addition of 230 feet of new utility trench.

Staff also significantly miscalculated the value of contract work credits which would be received by the city. At the meeting on December 12, staff still believed that additional credits were due for the project. In fact, final calculations for credits increased by only \$13,000 from that date.

Estimated miscellaneous savings for the project have also disappeared in the ensuing 60 days as the city increased inspection services in order to continue to monitor closely the activities of the contractor.

OPTIONS

At this point, the city has two basic options. Continue and complete the Piedmont Hills Underground Assessment District or stop the project until such time as additional funding is available.

Continuing the Project

The cost to continue and complete this project has now been determined based on a field review. If the council authorizes staff to proceed, the remainder of the project will be built to specifications determined in the field, rather than by use of engineering plans. The actual trench lengths and costs for this work have been agreed upon by all parties and is \$1,127,013 (see Exhibit A attached). Staff is recommending that the appropriation equal \$1,150,000 in order to allow some small margin of error.

The city administrator has directed that commencing immediately the management of the project will be assigned to Mr. Chester Nakahara and Mr. Mark Bichsel. Mr. Nakahara will work directly with the contractor, Valley Utility, and our City Engineer, John Wanger, on all construction aspects of this project until completion. This will include interface with P.G.& E. and all other utilities participating in the project. Mr. Bichsel will perform all financial functions pertaining to the project including but not limited to releasing payments, financial projections and analyses.

The additional funding required in the amount of \$1,150,000 will be appropriated from the Capital Improvement Reserve and will be deducted from those projects which were frozen earlier in the year.

Work Stoppage

The city is proceeding with legal actions to recoup the cost overruns on this project. However, that process will take additional time and without a council appropriation work will need to be stopped. Even if the city were to stop the project on Monday, February 8, there are costs which would be incurred. An estimate of those costs was presented to council on December 12 and a more complete analysis provided by Valley Utility this week is \$641,425 (see Exhibit B attached).

Possible costs for compensable delay are being discussed by both parties but no fixed figure has been approved by both the city and Valley Utility. In addition, there may be invoices which have not been paid or work which has not been invoiced which would need to be added.

On both December 7 and 12 the legal ramifications of work stoppage were discussed in great detail and they are not repeated here.

Financial Analysis

Finance Director Mark Bichsel is preparing an analysis of all funding matters pertaining to the Piedmont Hills Underground Assessment District. Although the General Fund cannot sustain a \$1.15 million dollar expenditure at this time, there is a second tier of deferred project reserves available in the Capital Improvement Fund (CIP) in the amount of \$1.8 million. Mr. Bichsel recommends that the \$1.15 undergrounding appropriation come from the CIP Reserve.

**Piedmont Hills Underground District
Summary of Remaining Work
February 4, 2010**

Piedmont Hills 109-399		Contract		Remaining work per Valley's most recent spreadsheet		Amount left to be completed/billed per discussions with P and J. Benedict on 2-4-10		Notes
Item Description	Qty	Unit Price	Qty	Amount				
1	Mobilization	1	\$ 8,500.00	0.00	\$ -	\$ -		
2	Project Wide Traffic Control	1	\$ 43,650.00	0.15	\$ 6,547.50	\$ 6,547.50		
3	Clearing, Grubbing and Environmental Protection	1	\$ 35,930.00	0.15	\$ 5,389.50	\$ 5,389.50		
				0.00	\$ -	\$ -		
EXCAVATE/BACKFILL UTILITY TRENCH								
4	Line items 4-35 of the contract (1727 ft. of trench work)					\$ 132,115.20		
36	SHORING AND TRENCH SAFETY	1	\$ 5,300.00	0.25	\$ 1,325.00	\$ 1,325.00		
37	Overexcavation of Unsuitable Bedding	EST.	\$ 310.00		\$ -	\$ -		
38	ROCK EXCAVATION (Revocable)	EST.	\$ 2,190.00		\$ -	\$ -		
39	PAVEMENT GRINDING	17000	\$ 1.78	17000.00	\$ 30,260.00	\$ 119,369.00		Assumes worst case and does not include Crest and Sotelo
40	ASPHALT CONCRETE	640	\$ 170.00	640.00	\$ 108,800.00	\$ 99,420.00		Does not include Crest and Sotelo
41	INSTALL STREET LIGHT SYSTEM	28	\$ 3,140.00	28.00	\$ 87,920.00	\$ 87,920.00		
42	STREET LIGHT SYSTEM (SPARE)	2	\$ 2,650.00	2.00	\$ 5,300.00	\$ 5,300.00		
CONDUIT WORK								
A. Pacific Gas and Electric Facilities								
43	3 inch Diameter	2400	\$ 1.95	-800.00	\$ (1,560.00)	\$ -		
44	4 inch Diameter	19800	\$ 1.98	-1000.00	\$ (1,980.00)	\$ -		
45	6 inch Diameter	11100	\$ 2.92	-10.00	\$ (29.20)	\$ -		
46	Capacitor Bank Pad 72" x 82"	1	\$ 1,575.00	1.00	\$ 1,575.00	\$ 1,575.00		
B. AT&T Facilities								
47	2 inch Diameter	7800	\$ 1.61	-1500.00	\$ (2,415.00)	\$ -		
48	4 inch Diameter	9500	\$ 2.40	-700.00	\$ (1,680.00)	\$ -		
C. City Street Lights								
49	1-1/2" SCH. 40 PVC W/2-#8 CU & Grnd	1982	\$ 3.70	0.00	\$ -	\$ -		
SPLICE BOXES								
A. Pacific Gas and Electric Facilities								
50	3'X5'X4'6" Subsurface TRXFR vault #5 Trans	19	\$ 3,411.00	10.00	\$ 34,110.00	\$ 3,411.00		
51	4'6"x8'6"x7'6" no. 7 FVT Prim. Vault Switch	3	\$ 9,006.00	1.00	\$ 9,006.00	\$ -		
52	3'X5'X4'6" No. 5 Prim. Vault Splice	11	\$ 2,943.00	4.00	\$ 11,772.00	\$ -		
53	4'6"x8'6"x7'6" no. 7 Prim. Vault Splice	4	\$ 8,244.00	2.00	\$ 16,488.00	\$ -		
54	24"x36"x18" No. 3 splice box	0	\$ 650.00	0.00	\$ -	\$ 650.00		
55	17"x36"x18" No. 2 splice box	65	\$ 464.00	43.00	\$ 19,952.00	\$ 9,280.00		
56	13"x24"x18" No. 1 splice box	1	\$ 450.00	1.00	\$ 450.00	\$ -		
B. AT&T Facilities								
57	11"x17"x12" T1 box	32	\$ 250.00	22.00	\$ 5,500.00	\$ 4,250.00		
58	30"x48"x34" T4 box	31	\$ 1,050.00	9.00	\$ 9,450.00	\$ 11,450.00		
59	36"x60"x44" T5 box	4	\$ 3,254.00	2.00	\$ 6,508.00	\$ 9,762.00		
C. Comcast Facilities (Excavate Only)								

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Summary of Remaining Work
February 4, 2010**

60	17"x30"x12" B-36 Box		59	\$ 25.00	23.00	\$ 575.00	\$ -
61	24"Wx36"Lx24"H Node Pedestal		1	\$ 30.00	-1.00	\$ (30.00)	\$ -
62	24"x36"x24" Amp Splice Box		9	\$ 30.00	9.00	\$ 270.00	\$ -
D. Street Light Facilities							
63	3-1/2 SL Splice Box		34	\$ 282.00	25.00	\$ 7,050.00	\$ 7,050.00
						0	
	Change Order:						
	Comcast Consuit and Enclosures (Vus CCO1)	CCO1	1	\$ 68,318.18			\$ -
	Rock Excavation 4 Locations (Ewo's)	CCO2	1	\$ 53,527.78			\$ -
	PG&E Plan Changes (Vus CCO2)	CCO3	1	\$ 5,032.42			\$ -
	Rock Exc & Unmarked Sewer Serv (Ewo's)	CCO4	1	\$ 158,690.71			\$ -
	Bores	CCO5	1	\$ 90,167.94			\$ -
	Rock Exc, etc	CCO6	1	\$ 229,476.53			\$ -
	Bores #2	CCO7	1	\$ 103,311.44			\$ -
	Rock Exc (Ewo's)	CCO8	1	\$ 251,134.81			\$ -
	Bores	CCO9	1	\$ 77,295.36			\$ -
	Bores-Correction	CCO10	1	\$ (61,360.37)			\$ -
	Rock Exc, etc	CCO11	1	\$ 219,559.69			\$ -
	Bores	CCO12	1	\$ 16,368.33			\$ -
	Rock Exc	CCO13	1	\$ 192,035.24			\$ -
	Comcast Conduit (Vus CCO5)	CCO14	1	\$ 8,738.52			\$ -
	Rock Exc, etc	CCO15	1	\$ 186,563.33			\$ -
	Rock St James	CCO16	1	\$ 17,264.63			\$ -
	Rock Crest	CCO17	1	\$ 83,310.71			\$ -
	Rock	CCO18		\$88,664.38			\$ -
	Rock	CCO21		\$207,710.75			\$ -
	Rock	CCO22		\$229,198.85			\$ -
	Rock	CCO23		\$101,758.97			\$ -
	Rock	CCO24		\$209,116.63			\$ -
	Rock	NEED		\$122,513.13			\$122,513.13
	Electrical (VUSCCO4)	CCO19		\$ 6,619.00			\$ -
	Box Lids (VUS CCO6)	CCO25		\$ 29,624.15			\$ -
	Additional items remaining to complete construction						
	Rock excavation (2223 ft)			\$ 360,703.98			\$ 360,703.98
	Concrete curb gutter and sidewalk			\$ 15,700.00			\$ 15,700.00
	AT&T CCO based on final plan changes			\$ 1,940.70			\$ 1,940.70
	Extra conduit due to 15% longer lengths			\$ 23,750.94			\$ 23,750.94
	AT&T and Comcast boxes St. James/Hampton			\$ 5,485.32			\$ 5,485.32
	Estimated labor, material and expenses for week of Feb 1, 2010			\$ 90,000.00			\$ 92,104.98
				Total Amount left to be done on prime contract			\$ 1,127,013.25

**Piedmont Hills Assessment District
City of Piedmont**

1.00	Mobilization		
	A. Move equipment out		\$ 11,570.00
	B. Move equipment back in		11,570.00
	C. Move jobsite trailers		3,200.00
2.00	Dismantle concrete silo		
	A. Break down & move		1,612.00
	B. Empty silo		1,100.00
	C. Cost of concrete in silo		3,000.00
3.00	Yard Cost		
	A. Rental through Feb		2,500.00
	B. Last month rent		2,500.00
	C. Deposit		2,500.00
	D. Cleanup		6,784.00
	E. Cost to find new yd ph II		5,000.00
5.00	Material Ups (cost increases)		6,371.69
	* Total Material	509,735.00	
	* % Complete	75%	
	* Remaining material cost	127,433.75	
	* Anticipated cost increase	5%	
5.50	Labor Ups		4,860.00
	* Total remainder of job	1,080,000.00	
	* % of it to labor	15%	
	* Total labor cost	918,000.00	
	* Anticipated labor increase	3%	
6.00	Remandral Entire Project		59,641.00
	A. Labor to Blow and Mandrel	16,244.00	
	B. Mule Tape	5,261.00	
	C. Pump out boxes	17,265.00	
	D. Clean & Grout	6,619.00	
	E. Traffic Control	14,252.00	

Item	Desc	Completed to date	
43	3 inch Diameter	3,200	LF
44	4 inch Diameter	20,800	LF
45	6 inch Diameter	11,110	LF
47	2 inch Diameter	9,300	LF
48	4 inch Diameter	10,200	LF
49	1-1/2" St Lt	1,982	LF
n/a	Comcast	19,103	LF
	Total conduit	75,695	LF

7.00	Cleanup				12,000.00	
8.00	Cost of Street lights (Purchased)				86,520.00	
9.00	Set boxes					
	55	17"x36"x18" No. 2 splice box	43	EA	\$ 464.00	19,952.00
	56	13"x24"x18" No. 1 splice box	1	EA	\$ 450.00	450.00
	57	11"x17"x12" T1 box	22	EA	\$ 250.00	5,500.00
	60	17"x30"x12" B-36 Box	23	EA	\$ 397.00	9,131.00
	62	24" x 36" Comcast	9	EA	\$ 660.00	5,940.00
10.00	AC Patch (over trenches)					218,789.00
	A.	Grind			119,369.00	
	B.	Patch			99,420.00	
11.00	Concrete Pour					15,700.00
12.00	Overlay Work	(See Proposal dated 11/4)				145,234.00

\$ 641,424.69