

Agenda Report

August 9, 2010

TO: Honorable Mayor and City Council

THROUGH: Finance Committee (August 9, 2010)

FROM: Water and Power Department

SUBJECT: AUTHORIZATION TO INCREASE THE NOT TO EXCEED AMOUNT OF CONTRACT 20,013 WITH VCI TELCOM FOR CONSTRUCTION OF UNDERGROUND ELECTRICAL CONDUIT SYSTEMS IN LOS ROBLES AVENUE FOR THE WATER AND POWER DEPARTMENT BY \$300,000.

RECOMMENDATION:

It is recommended that the City Council:

1. Find that on August 10, 2009, the Council found the project to be exempt from CEQA review pursuant to State CEQA Guidelines Section 15302(c), replacement or reconstruction of existing utility systems and/or facilities involving negligible or no expansion of capacity, and the proposal herein does not constitute a substantial change in the project description, nor is there new information or changed circumstances that would trigger further environmental review;
2. Increase Contract No 20,013 by \$300,000, thereby increasing the not to exceed amount from \$2,587,780 to \$2,887,780; and,
3. Appropriate \$300,000 from the unencumbered balance of the Underground Utilities Fund No. 206 to the Utility Undergrounding Capital Improvement Project No. 3174.

BACKGROUND:

On May 24, 2004, the City Council approved the establishment of Underground Utility District 04-1 ("Underground District"), requiring the undergrounding of electrical, cable and telephone utilities along Los Robles Avenue from Washington Blvd. to Woodbury Road. Following competitive bidding, on August 10, 2009, Council approved a contract with VCI Telcom for the construction of underground electrical conduit systems the Underground District for an amount not to exceed \$2,587,780, consisting of a base amount of \$2,352,528 and a 10% contingency of \$235,252.

The joint trench agreement required VCI Telcom to enter into contracts with AT&T and Charter Communications for their portion of the work. Due to delays in finalizing those

contracts, construction did not begin until March 2010. Work is now approximately 80% complete and is scheduled for completion in October 2010.

After excavation started, crews discovered that trenches must be three to four feet deeper than planned due to conflicts with gas, water and sewer lines, street lighting conduits, and tree roots. Additionally, some street lighting conduits and water lines had to be rerouted and abandoned gas lines removed. Additional labor and equipment was also required to provide traffic control, which was not included in the original contract, and the cost of the PVC pipe increased because of the delay in starting work. Following is a summary of major cost overruns:

Cost increases due to field conditions	\$261,237
Increased labor and equipment for traffic control (including projected costs through October)	75,381
Increased cost of PVC piping	<u>19,714</u>
Total	356,332
Authorized Contingency	<u>235,252</u>
Unfunded balance to date	121,080

Staff recommends increasing the expenditure limits under the existing Contract Number 20,013 with VCI Telecom in order to complete the project without further delay and avoid additional demobilization and mobilization costs. As many of the unforeseen conditions listed above are likely to impact the remainder of the work, staff recommends authorizing expenditure of an additional \$300,000, resulting in a total not to exceed amount \$2,887,780.

COUNCIL POLICY CONSIDERATION:

The contract supports the Council's goal to improve, maintain and enhance public facilities infrastructure and the City's program to place all overhead utilities underground. The placing of utility lines underground improves system reliability by reducing exposure to weather and other elements as well as enhancing the aesthetic quality of the environment.

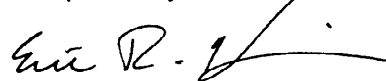
ENVIRONMENTAL ANALYSIS:

On August 10, 2009, prior to approval of Contract Number 20,013, the City Council found that the project was exempt from CEQA review pursuant to State CEQA Guidelines Section 15302(c), Replacement or reconstruction of existing utility systems and/or facilities involving negligible or no expansion of capacity. The increase proposed herein does not constitute a substantial change in the project description that would involve potentially new significant environmental effects, nor is there new information or changed circumstances that would trigger further environmental review.

FISCAL IMPACT:

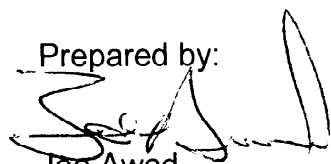
Sufficient funds are available in the unencumbered balance of the Underground Utilities Fund 206 to fund the \$300,000 appropriation to the Power Fund 411 Utility Undergrounding Capital Improvement Project No. 3174.

Respectfully submitted,



Phyllis E. Currie
General Manager
Water and Power Department

Prepared by:



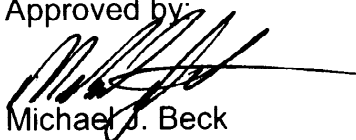
Joe Awad
Assistant General Manager
Water and Power Department

Concurred by:



Martin Pastucha
Director
Public Works Department

Approved by:



Michael J. Beck
City Manager