



## Legislation Text

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**File #:** 15-204, **Version:** 1

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Staff Report for a Resolution to Increase the Construction Contract Change Order Cap from 25% to 40% (from \$331,337 to \$530,140; a Change Order Cap Increase of \$198,803) for the Fiber Conduit for Broadband Network Project to Maximize the Expenditure of Available Economic Development Agency Grant Funds, Project No. 2013.0320

### **SUMMARY AND RECOMMENDATIONS**

Staff recommends that the City Council increase the Change Order Cap from 25% to 40% (from \$331,337 to \$530,140; a change order cap increase of \$198,803) for the subject project; the project budget has sufficient allocations to fund the increased cost and maximize the expenditure of available Economic Development Agency Grant Funds.

### **BACKGROUND**

In partnership with Lit San Leandro and to promote business development in the City, this project will expand high speed communication infrastructure into underserved industrial areas. Specifically, the project will expand the City's communications network by installing approximately seven miles of conduit ready to receive fiber optic cable.

Bids received were below the Engineer's estimate, which left grant funding available for installation of additional conduit. To make use of the remaining grant funding, Staff issued revised construction drawings that increased the amount of fiber optic facilities installed by adding conduit on Hester Street to serve more of the industrial area and adding conduit between City Hall and the Main Library to provide needed redundancy for resilient city communications.

This project is funded by a grant from the United States Economic Development Agency (EDA), Developer Fees for Street Improvements, and City of San Leandro General Funds.

### **Analysis**

The additional conduit added to the project is approximately 3,800 lineal feet and will provide a path for high speed communications service to additional commercial properties and needed redundancy for resilient communications. The added conduit raises the construction contract cost by 15%.

Change order items for other than the added conduit are projected to be 24% of the original contract amount. The largest of these items is the cost of working around unforeseen buried obstacles; a summary is included below. The cost of all change orders is projected to total 40% of the original contract. Change orders above 25% of the original contract amount require authorization by the City Council.

The contract change orders proposed provide for the use of the EDA grant funds. Even with this

change order there is approximately \$600,000 still available from the EDA grant. Staff will propose a new project to use the remaining EDA funds. Staff recommends approval of the increase in the Change Order limit to allow for the full use of the available EDA grant funds in a cost effective and expeditious manner.

**Previous Actions**

On July 7, 2014, by Resolution No. 2014-068, the City Council awarded a construction contract to Flatiron Electric Group, Inc. for the Fiber Conduit for Broadband Network project.

**Environmental Review**

This project is categorically exempt from CEQA per Section 15304 (f) - Minor Alteration to Land. The Notice of Exemption was filed with the Alameda County Recorder’s Office on May 10, 2013.

**Fiscal Impacts**

The total cost of this project including design, permits, construction, contingencies and construction management is estimated at \$2,070,000.

The construction contract details are as follows:

<b>Description</b>	<b>Amount</b>	<b>Percent</b>
Bid	\$1,325,350	-
Add 3800 ft. of conduit and pull boxes	\$205,395	15.5%
Remove unforeseen underground obstructions	\$190,000	14.3%
Miscellaneous changes to boxes, wiring, and manholes	\$61,563	4.6%
Contingency for remainder of work	\$73,182	5.6%
<b>Total Construction (projected)</b>	<b>\$1,855,490</b>	<b>40.0%</b>

**Budget Authority**

Project design and construction expenditures plus encumbrances to date are \$1,875,000. Additional funding is not required to complete the work as total project funding of \$2,623,000 is provided by the following accounts:

- \$150,000, Developer Fees for Street Improvements in account 120-38-347, appropriated as part of the 2012-13 CIP budget.
- \$2,121,000, EDA Grant funds in account 150-38-347, appropriated as part of the 2013-14 CIP budget.
- \$352,000, General Fund CIP in account 210-38-347, appropriated as part of the 2012-13 CIP budget.

**ATTACHMENT**

None.

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