



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: John Stufflebean

SUBJECT: SEE BELOW

DATE: 11-21-05

Approved

Date

12/5/05

SUBJECT: APPROVAL OF THIRD AMENDMENT TO COOPERATIVE AGREEMENT BETWEEN THE CITY AND SANTA CLARA VALLEY TRANSPORTATION AUTHORITY FOR THE CONSTRUCTION OF A RECYCLED WATER LINE IN THE INTERSTATE 880/COLEMAN AVENUE INTERCHANGE AREA

RECOMMENDATION

Approval of a Third Amendment to the Agreement between the City and Santa Clara Valley Transportation Authority (VTA) to extend the term of the Agreement by one year to December 31, 2006, and to increase the project construction contingency amount by \$100,000, to a total project amount not to exceed \$2,192,250 for completion of construction of recycled water pipeline in the Interstate 880 (I-880)/Coleman Avenue Interchange area.

BACKGROUND

In June 2001, Council approved the South Bay Water Recycling (SBWR) Phase 2 expansion program that included a 12,400 linear foot connection between recycled water pipelines in the City of San Jose with pipelines in the City of Santa Clara generally along Coleman Avenue. The connection would be built as three separate segments, I-880/Coleman, SJ-13, and SC-5.

In November 2001, VTA representatives proposed to construct approximately 3,500 linear feet of 20-inch diameter recycled water line in conjunction with the I-880/Coleman Avenue Interchange Project.

On June 24, 2003, the Council approved an agreement with VTA for design and construction of I-880/Coleman recycled water line segment in an amount not to exceed \$1,100,000, based on the engineer's estimate of construction cost. Bids for construction of the project received on November 24, 2003, were significantly higher than estimated.

On February 3, 2004, the Council authorized the City Manager to execute the First Amendment to the Agreement, increasing the funding for the project to \$1,500,000, to cover the higher than anticipated bid amount.

On January 21, 2005, the Council authorized the City Manager to execute the Second Amendment to the Agreement increasing the funding for the project to \$2,092,250 for construction of approximately 1,750 linear feet of additional recycled water main within the VTA project area to avoid additional public disruption and the need to install the pipeline in a recently constructed street.

The current Agreement between the City and VTA expires on December 31, 2005; however, VTA staff has indicated that the construction will not be completed on schedule. In addition, virtually all the project's existing contingency budget has been committed in response to unforeseen construction issues.

ANALYSIS

VTA has recently revised the construction schedule for completion of the I-880/Coleman Avenue Interchange project to fall of 2006. As a result of this delay, the term of the agreement between City and VTA will need to be extended to December 31, 2006, to provide time for VTA to complete the project.

In addition, the project contingency budget has been severely depleted addressing various issues that have arisen during construction. Most recently, there was a significant cost increase on the change order to install the additional 1,750 feet of pipeline authorized under the Second Amendment to the Agreement. Prior to the Second Amendment, VTA obtained a price quote from the contractor for installation of the additional pipeline. However, the price quote was only guaranteed for thirty days.

Subsequent to approval of the Second Amendment, VTA reopened negotiations with the contractor to obtain a fixed price for the additional pipeline. The contractor was reluctant to provide a price in part due to the rapidly rising cost of materials, and to a lesser degree, labor. After several months of negotiations, the contractor and VTA finally agreed on a price that was \$87,426 higher than originally quoted. Unfortunately, the new price was higher than the City and VTA anticipated at the time the Second Amendment was approved, and required the commitment of virtually all the remaining project contingency funds.

There remains approximately 2,800 linear feet of pipeline to be installed in Coleman Avenue, with less than \$9,000 in project construction contingency budget remaining. Therefore, an increase in the construction contingency is recommended to provide an adequate contingency reserve to cover any necessary change orders, which may result from unforeseen conditions arising during construction of the remainder of the project.

OUTCOME

This Third Amendment to the Agreement will extend the term of the agreement through December 31, 2006, and provide additional funding of \$100,000 for construction contingencies that may arise due to unforeseen underground conditions and utility conflicts not apparent during the design phase. The revised project cost due to the additional construction will be as follows:

	<u>Existing Second Amend</u>	<u>Proposed Change</u>	<u>Revised Total</u>
Construction	\$1,468,940	\$0	\$1,468,940
Contingency	\$144,524	\$100,000	\$244,524
Design and Inspection	\$442,786	\$0	\$442,786
Reimbursable	<u>\$36,000</u>	<u>\$0</u>	<u>\$36,000</u>
TOTAL	\$2,092,250	\$100,000	\$2,192,250

PUBLIC OUTREACH

Public outreach is not necessary for this recommendation.

COORDINATION

This memo has been coordinated with the City Attorney's Office and the Department of Transportation. Execution of this Third Amendment is subject to concurrence of the Treatment Plant Advisory Committee (TPAC) scheduled to be heard at the December 8, 2005 meeting.

COST IMPLICATION

1.	Amount of Recommendation:	\$2,192,250
2.	Cost of Project:	
	Project Delivery	478,786
	Construction	1,468,940
	Construction Contingency	<u>244,524</u>
	TOTAL PROJECT COST	\$2,192,250

Prior Year Expenditures \$ 321,953

REMAINING PROJECT COSTS \$1,870,297

3. Source of Funding: 512 – San Jose/Santa Clara Treatment Plant Capital Fund

FISCAL IMPACT: This project is consistent with the Council-approved Budget Strategy. The construction project in coordination with VTA will deliver a vital core service through an appropriate community partnership and will result in expenditures that will reduce cost to the City. The annual operating and maintenance costs of this project have been reviewed, and it has been determined that the project will have no significant adverse impact on the General Fund operating budget.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	Total Appn.	Amt. For Contract	2005-2006 Adopted Capital Budget (Page)	Last Budget Action (Date, Ord. No.)
Remaining Project Costs			\$1,870,297			
Current Funding Available						
512	6589	Revised SBAP -- SBWR Extension	\$10,528,000	\$2,192,250	V-247	10/18/2005 Ord. No. 27580
Total Current Funding Available			\$10,528,000	\$2,192,250		

CEQA

Resolution No. 71448, PP03-02-071


 JOHN STUFFLEBEAN
 Acting Director, Environmental Services