



Monterey County

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Board Report

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- a. Approve increase in contingency funds by \$473,121 for a total of \$946,242 or 20% of the original contract amount with A. Teichert & Son, dba Teichert Construction for the State Route 1 Climbing Lane, Project No. 8690, to provide funding for Contract Change Order No. 12 and a schedule change that would accelerate the project;
- b. Approve Contract Change Order No. 12 adding Carmel Valley Road overlay from State Route 1 to approximately 300 feet east of Carmel Rancho Boulevard to the project scope; and
- c. Authorize the Resource Management Agency (RMA) Director or RMA Deputy Director of Public Works & Facilities to execute contract change orders where the overall total value of change orders does not exceed twenty percent (20%), or \$946,242, of the original contract amount and does not significantly change the scope of work.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve increase in contingency funds by \$473,121 for a total of \$946,242 or 20% of the original contract amount with A. Teichert & Son, dba Teichert Construction for the State Route 1 Climbing Lane, Project No. 8690, to provide funding for Contract Change Order No. 12 and a schedule change that would accelerate the project;
- b. Approve Contract Change Order No. 12 adding Carmel Valley Road overlay from State Route 1 to approximately 300 feet east of Carmel Rancho Boulevard to the project scope; and
- c. Authorize the Resource Management Agency (RMA) Director or RMA Deputy Director of Public Works & Facilities to execute contract change orders where the overall total value of change orders does not exceed twenty percent (20%), or \$946,242, of the original contract amount and does not significantly change the scope of work.

SUMMARY:

RMA has a project planned to overlay Carmel Valley Road from State Route 1 to approximately 300 feet east of Carmel Rancho Boulevard in FY 2020/21. Due to the proximity of the work as well as the benefit of a seamless transition of paving from Highway 1 to CV Road and the short distance of the resurfacing of CV Road, staff recommends that this work be handled by change order as it is reasonable related to the work being done on Highway 1. In addition, staff was requested to accelerate the project schedule that would increase the project cost.

Senate Bill 1 (SB1) revenue would be used for the Carmel Valley Road overlay project. Staff recommends that the Board approve inclusion of Contract Change Order No. 12 into the State Route 1 Climbing Lane project for the contractor to complete the Carmel Valley Road overlay, which is estimated to cost about \$400,000. Staff finds that having this contractor do the project while working in the area affords greater efficiency of resources and helps minimize traffic impacts from two separate

projects. Adding \$473,121 to contingency would equate to 20% of the original contract amount (\$946,242). The increase in contingency would fund this overlay, and other extra work that would accelerate the project.

DISCUSSION:

On December 5, 2017, the Board of Supervisors awarded a contract to Teichert Construction, the lowest responsible and responsive bidder for the State Route 1 Climbing Lane, Project No. 8690, in the total amount of \$4,731,210. As part of this action, the Board also authorized a contingency not to exceed 10% of the contract amount (\$473,121) for a total of \$5,204,331. Contingency is meant to provide funding for approved contract change orders that occur as a result of unexpected conditions or alterations. The Board authorized the Resource Management Agency (RMA) Director to execute the contract, and subject to the terms of the Public Contract Code, approve change orders to the contract that do not exceed 10% of the original contract amount, and do not significantly change the scope of work. Construction began in April 2017.

The Climbing Lane project consists, in general, of constructing a second northbound through lane (climbing lane) on the east side of State Route 1 between Rio Road and Carmel Valley Road. This new segment is intended to improve traffic flow on State Highway 1 between Rio Road and Carmel Valley Road by constructing a northbound climbing lane on State Highway 1, adding to the segment north of Carmel Valley Road that was constructed in 2004. The project will also upgrade the wooden signal poles at the intersection of State Route 1 and Carmel Valley Road.

The segment of Carmel Valley Road between State Route 1 and Carmel Rancho Boulevard is scheduled to receive a seal coat this Fall as part of the Annual Seal Coat program. Because this segment exhibits pavement failure beyond the remedy of a seal coat, hot-mix-asphalt overlay is recommended. Given this is adjacent to the State Route 1 Climbing Lane project; staff finds that having the Climbing Lane contractor pave this segment while mobilized at this location is reasonable and related to the work being done on Highway 1. Approval of Change Order No. 12 and the increase of an additional ten percent (10%) or \$473,121 in contingency will allow for the inclusion of the paving of Carmel Valley Road, which will be paved towards the completion of the project in August 2018. The estimated cost of this change order is \$400,000.

Most change orders to date have been approved to address unforeseen conditions during construction. This has resulted in costs of approximately \$375,000 and there are still two phases where unforeseen conditions could arise. Staff recommends increasing contingency by \$473,121 using SB1 funding for this overlay and other extra work that would accelerate the project schedule. The other extra work includes costs associated with altering the project to include a right turn lane and accelerating the scheduled.

Senate Bill 1 (SB1) revenues have been identified as an allowable funding source for the additional cost. The Board of Supervisors approved a priority list for projects utilizing SB1 funds on July 25, 2017. That list did not include the Carmel Valley Road overlay project. SB1 affords flexibility to fund projects based on needs and changing priorities, provided that the project is consistent with eligible fund use. Reprioritizing SB1 funds could result in other priority projects being deferred into future years.

FINANCING:

Funding from a variety of State and local revenue in the amount of \$7,572,430 has been authorized for design, environmental, right-of-way and construction for the Climbing Lane Project. State funds totaling \$3,998,121 include \$3,250,000 in State Transportation Improvement Program (STIP), \$275,000 in Minor A Funds, and \$473,121 in SB1 funds. Local revenue amounts to \$3,574,309 and is comprised of Regional Surface Transportation Program (RSTP) in the amount of \$3,364,814 and development fees in the amount of \$209,495.

Change orders approved to date total approximately \$375,000, leaving \$98,121 in contingency. Adding \$473,121 to contingency adjusts the contingency budget to \$946,242, which equates to 20% of the original contract amount. Monterey County is estimated to receive an estimated \$7.8 million in Senate Bill 1 (SB1) revenues for FY 2018/19.

There are sufficient appropriations included in the FY 2017-18 Road Fund 002, Appropriation Unit RMA012 budget and FY 2018-19 recommended budget to finance the construction phase of the project and Change Order No. 12. The FY 2018-19 recommended budget included \$4.7 million in SB 1 revenues to fund the Board of Supervisors priority list of projects and other allowable expenses.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Change Order No. 12 is to construct an improvement to the transportation infrastructure to maintain Carmel Valley Road. The recommended action supports the following Board of Supervisors' Strategic Initiatives:

- ☐ Economic Development
- ☐ Administration
- ☐ Health & Human Services
- ☒ Infrastructure
- ☒ Public Safety

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Approved by: Carl P. Holm, AICP, RMA Director

Attachments are on file with the Clerk of the Board:

Attachment A - Project Budget

Attachment B - Location Map