



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Public Works

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April Miller, Public Works Director**

City Manager Approval: _____

TOPIC: B ST CULVERT REPLACEMENT PROJECT

SUBJECT: AUTHORIZE THE CITY MANAGER TO TERMINATE THE CONSTRUCTION CONTRACT FOR B STREET CULVERT REPLACEMENT PROJECT, CITY PROJECT NO. 11380 WITH MAGGIORA & GHILOTTI, INC.

RECOMMENDATION:

Authorize the City Manager to terminate the construction contract for the B Street Culvert Replacement Project, City Project No. 11380 with Maggiora & Ghilotti, Inc.

BACKGROUND:

The B Street Culvert Replacement Project proposes to replace a portion of the existing concrete box culvert located underneath B Street near the intersection of Woodland Avenue. The reinforced concrete box culvert conveys storm runoff from the Gerstle Park neighborhood and outlets into the San Rafael Creek. Approximately 100 feet of the box culvert would be removed and replaced with a new culvert section that will be cast in place at the project site.

On October 18th, 2021, City Council awarded the construction contract for this project to Maggiora & Ghilotti, Inc. in the amount of \$273,273 with a contingency of \$46,727 for a total project budget of \$320,000 to be paid from the City's Gas Tax Fund.

ANALYSIS:

Although the construction contract for this project was fully executed by early November 2021, heavy storms that occurred in Fall of that same year caused staff to postpone construction until Spring 2022 to avoid any potential flooding problems caused by replacing the culvert during a heavy rain event.

In February 2022, the contractor, City staff, and PG&E began discussing how to protect the electrical and communication poles that were immediately adjacent to the proposed trench work needed for the project. Several ideas were discussed including a temporary soldier pile wall, mudsills to support the base of the poles, phased construction of the culvert, a temporary pole installed adjacent/deeper to the existing pole that would be attached for support, and removal of the AT&T pole.

With each proposal, approval had to come from PG&E, the contractor, and the designer so that any questions regarding liability and costs could be addressed. Ultimately, PG&E would not

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Council Meeting:

Disposition:

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approve any suggested solution that they did not already have a standard for. After more than a year of discussions, the final approved method of protecting the poles during construction would be to have PG&E's contractor supply a boom truck that would brace their pole while the City's contractor dug the trench, install a custom precast section of culvert, and immediately backfill within a maximum 24-hour window. It was proposed that this work would happen in early Summer 2023.

In the time since the original contract was executed, the cost of construction has gone up significantly. In Summer 2022, Maggiora & Ghilotti, Inc. notified the City that they would be requesting a change order for escalation costs associated with labor and material expenses totaling more than \$25,000. However, this change order was not finalized because ongoing discussions with PG&E precluded determining when construction could commence.

By the time a solution was finalized with PG&E and agreed upon by all parties, the contractor notified City staff that the escalation expenses were closer to \$50,000 and an additional \$50,000 would be needed for the work associated with installing a custom precast section next to PG&E's pole within a 24-hour window. These extra costs well exceeded the authorized contingency of \$46,727 meaning that City staff would need to return to Council to request additional funds on this project. Citing the aforementioned rising costs and issues with scheduling their crews, Maggiora & Ghilotti requested that the City terminate their contract and compensate them for administrative and project management costs totaling \$14,800. Staff agreed to proceed with contract termination procedures as outlined in General Conditions, Section 13.4 - Termination for Convenience of the Specifications for this construction project.

Upon approval of this construction contract, staff will proceed to rebid this project with the intent to return to Council in early Summer 2023 to consider the awarding of a new construction contract.

FISCAL IMPACT:

The project budget consisted of a \$273,273 construction contract amount plus a contingency of \$46,727 for a total of \$320,000. To date, no payments have been made to the contractor on this project. If Council approves to terminate the construction contract, a change order will be completed for a final \$14,800 payment to Maggiora & Ghilotti, Inc. from the City's Gas Tax Fund to compensate for administrative and project management cost incurred during this time.

OPTIONS:

1. Authorize the City Manager to terminate the construction agreement with Maggiora & Ghilotti, Inc.
2. Do not terminate contract and provide direction to staff.