CITY OF RIVIERA BEACH – MEMORANDUM

TO: HON. MAYOR, CHAIRPERSON AND CITY COUNCIL/ UTILITY SPECIAL DISTRICT BOARD OF DIRECTORS

THROUGH: JONATHAN EVANS, CITY MANAGER, MPA, MBA, ICMA-CM

FROM: JOHN A. ARMSTRONG, P.E., INTERIM ASSISTANT DIRECTOR OF UTILITIES

SUBJECT: CHANGE ORDERS FOR UTILITY IMPROVEMENTS THE AVENUE "O" NEIGHBORHOOD IMPROVEMENT PROJECT & CONSOLIDATE FUNDS FOR THREE OTHER ROADWAY PROJECTS THAT ARE UNDER THE SAME ACCOUNT/PROJECT #

DATE: NOVEMBER 18, 2019

CC: GENERAL PUBLIC

Background:

Events in the project history for the Avenue "O" Neighborhood Improvement Project includes the following:

- June 17, 2015 – City Council issued a work order for roadway design;
- July 6, 2015 - Engineering consultant began roadway design and associated utility design;
- July 16, 2015 & August 27, 2015 - Community meetings held to discuss roadway design options;
- August & September 2015 - Public Works issued and received survey responses for roadway design preferences;
- July 18, 2017 - Community meetings held to discuss roadway design options;
- February 2018 -The City solicited contractors for the reconstruction of Avenue "O", W. 23rd St., W.24th St., W. 25th St., W. 26th St. and W. 26th Ct. Neighborhood Improvement project through the issuance of Bid Number 940-18-2;

- June 6, 2018 - City Council approved Resolution Number 46-18 which accepted the bid proposal in the amount of $7,482,407.40 and authorized the City Manager to approve change orders up to ten percent (10%); total contract value not to exceed $8,230,648.14; for the reconstruction of Avenue "O" Neighborhood Improvement project;
- June 6, 2018 - The Mayor and City Clerk authorized and executed a Construction Services Contract to the lowest bidder in the amount of $7,482,407.40 for the reconstruction of Avenue "O", W. 23rd St., W.24th St., W. 25th St., W. 26th St. and W. 26th Ct. Neighborhood Improvement project;
- July 2018 - During the course of construction an area of the neighborhood was identified that was not scheduled for proposed improvements and staff authorized the contractor to make the aforementioned improvements which exceeded the approved amount and ten percent (10%) authorized to the City Manager for approving change orders. This authorization conflicts with both City policy and Resolution Number 46-18 of not exceeding the approved amount and ten percent (10%) authorized to the City Manager for approving change orders. Other than that, there is no conflict with any existing City policy;
- November 2018 - Man-Con Incorporated completed the utility work, including utility work associated with change orders, for the utilities improvements; and
- As of the date of this memorandum, Man-Con Incorporated has not been paid for the utility work associated with change orders for the utility improvements that exceeded the approved amount in Resolution Number 46-18.

Events in the project history for three other roadway projects that are under the same account/project number includes the following:

- March 21, 2018 - City Council approved Resolution Number 23-18 which accepted the bid proposal for the reconstruction of Avenue "H" East and West from Blue Heron Blvd. to Silver Beach Road Improvement project;
- July 2018 - Construction of the utility infrastructure improvements was completed for the Avenue "H" East and West project with the final construction cost exceeding the original construction cost in the amount of $308,967.74;
- November 1, 2017 - City Council approved Resolution Number 127-17 which accepted the bid proposal for the reconstruction of the Yacht Harbor Manor Roadway Improvements project;
- August 2019 - Construction of the utility infrastructure improvements was completed for the Yacht Harbor Manor Roadway Improvements project with the final construction for the utility infrastructure improvements being less than the original construction cost in the amount of $152,405.62; and

- November 5, 2019 - Engineering design was complete for the FY 20 CDBG (CDBG 19-20) project along 26th Court with utility infrastructure improvements estimated at $314,087.57.

Citywide Goal:

It is the goal of the City to replace water and wastewater utility infrastructure as it approaches its useful life and it affects public health and safety including regulatory compliance, ability to return an asset to service, and has an effect on customers and service. If water and wastewater utility infrastructure is allowed to age to the point of failure, the result can be contamination of surface water and drinking water, loss of water and sewer service, high costs both to replace the pipes (on an emergency basis which is costlier than on a planned basis), and unforeseen costs resulting from property damage due to pipe failure.

Also, it is a goal of the City to reduce the cost of replacing aging utility infrastructure by taking advantage of replacing aging utility infrastructure when roadway reconstruction projects occur. It is also an objective of the City to minimize the adverse impact to the citizens, businesses, and other stakeholders that is associated with construction activity of aging utility infrastructure by performing the replacement of utilities at the same time roadway reconstruction happens.

Budget/Fiscal Impact:

The City of Riviera Beach Utility Special District has a Water and Sewer Revenue Bond of July 25, 2014 in the amount of $22,645,000 and a Water and Sewer Revenue Bond of September 14, 2016 in the amount of $33,205,000. Page 2 of the City of Riviera Beach Utility Special District Capital Projects Plan (First Reading) includes $1,195,157 budgeted for in-progress water improvements that are targeted for neighborhood improvement projects associated with Public Works roadway projects.

Resolution Number 46-18 authorized the $2,282,409.91 for the Avenue "O" Neighborhood Improvement Project most of which was paid out of last year's budget. However, the purchase order was only in the amount of $1,812,800.00. As the change order exceeds the budgeted and purchase order amount for the Avenue "O" Neighborhood Improvement Project, funds will need to be transferred from low priority budgeted utility projects.

Man-Con Incorporated completed the utility infrastructure improvements for the Avenue "O" Neighborhood Improvement Project in November 2018 and has not been paid for the extra work performed associated with the change orders in the amount of

$1,093,786.95 which exceeded the $2,282,409.91 amount for utility improvements referenced in Resolution Number 46-18 and the and purchase order amount.

In addition to the Avenue "O" Neighborhood Improvement project, with the differences in the final construction cost and the original construction cost for the Avenue "H" East and West project; with the differences in the final construction cost and the original construction cost for the Yacht Harbor Manor Roadway Improvements project; and with the pending construction cost for the FY 20 CDBG (CDBG 19-20) project along 26th Court, the total funds will need to be transferred from low priority budgeted utility projects is in the amount of $1,858,459.89. These projects are project numbers 18162, 18163, and 18164 which include a portion of the funds from the Water Treatment Plant Perimeter Wall, a portion of the funds from the Utility Building Expansion, and the Intracoastal Water Main Inspection, respectively.

Recommendation(s):

It is recommended that the Board approve this Resolution Number authorizing the City Manager to approve change orders for utility improvements for the Avenue "O" Neighborhood Improvement Project up to the amount of $1,093,786.95. This is based upon the following:

- The majority of the change orders are related to unforeseen conditions with the existing utilities that required correction for the project to continue. In addition, during the course of construction an area of the neighborhood was identified that was not scheduled for proposed improvements. This area and the citizens of the City benefited from water main improvements by removing aging pipe, linking other sections of the project, and providing better redundancy and circulation in the water distribution system. Furthermore, the prices included in this change order are in accordance with the unit prices in the Man-Con bid;
- The City's Consultant, Chen Moore and Associates, that performed engineering inspection services for the project, recommended the approval of the change orders for utility improvements; and
- Man-Con Incorporated completed the utility infrastructure improvements in November 2018 and has not been paid for the extra work performed associated with the change orders that exceeded the $2,282,409.91 amount for utility improvements referenced in Resolution Number 46-18.

In addition, it is recommended that the Board approve the resolution authorizing the Finance Director to transfer funds for these four improvement projects, from low priority budgeted utility projects to project number 18152, in the total amount of $1,858,459.89.