



AGENDA MEMORANDUM

Future Item for the City Council Meeting of March 18, 2014
Action Item for the City Council Meeting of March 25, 2014

DATE: February 28, 2014

TO: Ronald L. Olson, City Manager

THRU: Gustavo Gonzalez, P.E., Assistant City Manager for Public Works and Utilities
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FROM: Daniel Biles, P.E., Executive Director, Public Works
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Change Order Authorization
Mary Rhodes Pipeline Phase 2
Pipeline Sections A, B, and C and
Pump Stations/Sedimentation Basin

CAPTION:

Motion authorizing the City Manager or designee to execute non routine change orders of up to 5% of the contract value, of (1) the construction contract with Garney Companies, Inc. for the Mary Rhodes Pipeline Phase 2: Pipeline Sections A, B, and C for \$84,121,405, or (2) the construction contract with Oscar Renda Contracting for the Mary Rhodes Pipeline Phase 2: Pump Stations/Sedimentation Basin for \$29,167,288, if changes in plans or specifications are necessary after the performance of the contract has begun or if it is necessary to decrease or increase the quantity of work to be performed or of materials, equipment, or supplies to be furnished, for reasons creating an urgent need for the change, including but not limited to differing site conditions, provided that (I) funding is available for that purpose; (II) the original contract price is not increased by cumulative change orders by more than 5 percent (5%) of the original contract price; (III) a report is provided to City Council as soon as possible afterward; and (IV) the Executive Director of Public Works has conducted a full review of the facts and determines, in writing, that: (a) the change is required and/or unavoidable, and (b) time is of the essence to the extent that immediate action must be taken in order (i) to avoid substantial delay damages from being incurred; or (ii) to prevent significant harm from occurring to the City's property or the City's Mary Rhodes Pipeline Phase 2 Project.

PURPOSE:

The purpose of this Agenda Item is to obtain authority to execute non routine change orders of up to 5% of the contract value for Mary Rhodes Pipeline Phase 2.

BACKGROUND AND FINDINGS:

During the construction of Phase 1 of the Mary Rhodes Pipeline (MRP), the Port of Corpus Christi and the City agreed to change order authority of up to 5% of the contract value. The motion before Council would provide for that same authority for the two contracts awarded and authorized by Council last February 25, 2014 for MRP Phase 2.

Specifically, on February 25, 2014, Council awarded and authorized execution of (1) a construction contract with Garney Companies, Inc. in the amount of \$84,121,405, for MRP Phase 2: Pipeline Sections A, B, and C, for the base bid and the fiber optic additive alternate for all pipeline sections; and (2) a construction contract with Oscar Renda Contracting in the amount of \$29,167,288, for the MRP Phase 2: Pump Stations/Sedimentation Basin, for the base bid.

This authority requires that (I) funding is available for that purpose; (II) the original contract price is not increased by cumulative change orders by more than 5 percent (5%) of the original contract price; (III) and that a report is provided to City Council as soon as possible afterward.

The authority requires the Executive Director of Public Works to review the facts and provide the City Manager with an executive summary of certain findings of fact. The Executive Director must find that the change is required and/or unavoidable, and that time is of the essence to the extent that immediate action must be taken in order to avoid substantial delay damages from being incurred; or to prevent significant harm from occurring to either the City's property or the MRP Phase 2 Project.

This authority requires that, for the changes in plans or specifications, or the reasons for any necessary decreases or increases in the quantity of work or materials, equipment or supplies, the reasons for these changes must be reasons that create a need for the City to take immediate action. These reasons would include, but are not limited to, differing site conditions.

The following factors should be considered:

- project covers approximately 40 miles of ground.
- to conduct testing every 20 feet for 40 miles is neither practical nor cost efficient
- these contracts are competitively bid unit price contracts

The City did not ask for a firm fixed price that would encompass any and all changes such as differing site conditions. If the City had procured bids on a contract that placed all of the risk on the contractor for any necessary changes, including any differing site conditions, the City would have received substantially higher and fewer, competitive bids.

ALTERNATIVES:

1. Authorize the execution of non routine change orders of up to 5% of the contract value.
2. Do not authorize the execution of non routine change orders of up to 5% of the contract value. (Not Recommended)

OTHER CONSIDERATIONS:

Not applicable

CONFORMITY TO CITY POLICY:

Conforms to City's fiscal policies and complies with Chapter 252, Texas Local Government Code and the Charter.

EMERGENCY / NON-EMERGENCY:

Non-Emergency

DEPARTMENTAL CLEARANCES:

Utility Department

FINANCIAL IMPACT:

Operating Revenue Capital Not applicable

Fiscal Year 2013-2014	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget				
Encumbered / Expended Amount				
This Item				
Future Anticipated Expenditures This Project				
BALANCE				

RECOMMENDATION:

City staff recommends approval of the motion as proposed.

LIST OF SUPPORTING DOCUMENT:

Location Map