



AGENDA MEMORANDUM

Future item for the City Council Meeting of September 15, 2015
Action item for the City Council Meeting of September 22, 2015

DATE: August 21, 2015

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Engineering Change Order
Navigation Boulevard from Up River Road to Leopard Street BOND 2012

CAPTION:

Motion authorizing the City Manager, or designee, to execute Change Order No. 1 to a construction contract as a final settlement with Reytec Construction Resources, Inc. of Houston, Texas in the amount of \$235,000.00 for the Navigation Boulevard from Up River Road to Leopard Street project. (Bond 2012)

PURPOSE:

The purpose of this Agenda Item is to obtain authority to execute a change order to a construction contract with Reytec Construction, Inc., for the Navigation Boulevard from Up River Road to Leopard Street BOND 2012 project as a settlement for administrative costs.

BACKGROUND AND FINDINGS:

This Change Order is to settle the administrative cost as a result of the City Terminating for Convenience the Construction Contract with Reytec Construction, Inc. In July 2014, Staff recommended and City Council awarded the construction contract to Reytek Construction Resources, Inc. in the amount of \$14,480,215. The contractor was administratively prepared to begin construction but was not authorized for construction pending unanticipated major changes to the scope of work. To date, no construction has occurred.

This project was approved in the Bond 2012, Proposition No. 1 Street Project by the community in the general election held in November 6, 2012.

Brochure description: “Navigation Boulevard from Up River Road to Leopard Street - This project includes full-depth repair and capacity expansion of the existing four lane roadway to a five lane roadway (four travel lanes and continuous center left turn lane) to conform to the A-1 Arterial designation of the current Urban Transportation Master Plan (UTMP). A wider paved shoulder will be provided as a bike route. Improvements will include curb and gutter, sidewalks, ADA curb ramps, and pavement markings. Future bikeway requirements will require evaluation at the time of roadway design and shall conform to the adopted Bikeway Plan of the UPMP/Integrated Community Sustainability Plan (ICSP).”

Subsequent to the award, staff received word from contractors that underground utility conflicts significantly impacted the bid prices and as a result some contractors declined to submit a bid. As a result, staff engaged with the design engineer, LNV Engineering, Inc., and refinery representatives over several weeks to re-evaluate the field conditions and impacts. It is important to note that the areas surrounding the refineries present significant risk to fully identify and mitigate existing underground oil, gas, nitrogen and other industrial service lines. Many lines were abandoned over the years and some with potential leaks. During project design, the conflicts were identified, however, the criticality was that the magnitude was not fully identified until after award. It was determined that as designed, the private refinery lines were in potential conflict creating a significant risk to the project. Relocating these lines represents a potential cost of \$20 Million for the City and/or Refinery pending final resolution determining easements and ROW with associated responsibility.

Based on these factors and particularly the criticality of two active lines supporting Valero operation, staff initiated a comprehensive Value Engineering (VE) process to minimize or eliminate the conflicts. This primarily consisted of re-evaluation underground utilities including the large diameter drainage culverts. A separate contract using a more accurate 2-D modeling technique was used to identify existing flooding conditions with existing system capacity and future requirements and alternatives. Based on the modeling, it was determined that there were other alternatives to meet future drainage requirements and that the lesser improvements could be provided to improve the existing system and drainage. No known flooding exists to structures and businesses.

With these determinations, LNV was tasked to redesign the Storm Water drainage improvements eliminating major expansion of the drainage system that was conflicting with Refinery pipelines. The contractor, Reytec Construction Resources, Inc., was provided the opportunity to evaluate and negotiate changes within the existing contract. However, after weeks of discussions and meetings, it was concluded that no agreement could be reasonably meet within the existing terms of the contract and therefore the contract would have to be terminated and re-advertised.

The following is a timeline summary of the project:

- May 21, 2014 – Project Bid date;
- July 29, 2014 – City Council Construction Contract Award;
- August 2014 – Valero Pipeline relocation issue emerged;
- September to October 2014 – Initial project redesign discussions and re-evaluations;
- November 2014 thru January 2015 – Value Engineering alternatives evaluated to reduce cost and risk with major underground refinery utilities to include detailed modeling for existing and future drainage evaluations to revise proposed project drainage requirements;
- January 2015 – Final determinations made to reduce drainage to upgrade current system to meet all current flows and any additional flows from the project in addition to other VE determinations;
- January to February 2015 – Construction plans (design) changed to accommodate reduced drainage system improvements and other reductions;
- February 2015 – Revised drawings presented for review to Reytec
- March to April 2015 – Negotiations attempted with City Staff and Reytec
- April 2015 – Negotiations discontinued with recommendations for Re-Bid
- May 2015 – Additional request for revised pricing was requested from Reytec for a best and final

offer

- June 2015 – Revised proposal was received, reviewed and determined by Staff to not be in the best interest of the City.
- June 18, 2015 – Council was notified of the Termination for Convenience and re-bid of the construction contract.

ALTERNATIVES:

1. Authorize execution of a change order to a construction contract.
2. Do not authorize execution of a change order to a construction contract. (Not Recommended)

OTHER CONSIDERATIONS:

This project will be re-packaged, re-bid and a new construction contract will be presented to Council for approval.

CONFORMITY TO CITY POLICY:

Complies with statutes regarding construction change orders.

EMERGENCY / NON-EMERGENCY:

Not applicable

DEPARTMENTAL CLEARANCES:

Street Department

FINANCIAL IMPACT:

Fiscal Year 2014-2015	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Budget	\$792,350.00	\$12,236,091.94	\$0.00	\$13,028,441.94
Encumbered / Expended Amount	\$792,350.00	\$	\$0.00	\$792,350.00
This item	\$0.00	\$235,000.00	\$0.00	\$235,000.00
Future Anticipated Expenditures This Project	\$0.00	\$1,486,129.23	\$0.00	\$1,486,129.23
BALANCE	\$0.00	\$10,514,962.71	\$0.00	\$10,514,962.71

Fund(s): ST 17

RECOMMENDATION:

City staff recommends this change order as a settlement with Reytec Construction Resources, Inc. of Houston, Texas in the amount of \$235,000 for the Navigation Boulevard from Up River Road to Leopard Street BOND 2012 project.

LIST OF SUPPORTING DOCUMENTS:

Project Budget
Location Map
Presentation