

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Extending the City Manager's Change Order Authorization Limits for the Police Station at City Hall Project and Authorizing the City Manager to Execute Change Order No.1 in the Amount of \$95,247.00 and Change Order No.2 in the Amount of \$98,143.10 with Shreve Construction LLC

DEPARTMENT: Public Works

PRESENTED BY: Randy Witt, Public Work Director

ACTION: ☐ Ordinance ☐ Resolution ☒ Motion
 ☐ Discussion ☐ Public Hearing

PROBLEM/ISSUE STATEMENT:

On May 1, 2017, the City Council authorized the City Manager to execute a contract with Shreve Construction LLC for construction of the Police Station at City Hall project. The project involves major tenant improvements to the first and third floors of City Hall and construction of a 5,800 square-foot single story addition to accommodate the Police Department's move to City Hall.

The contract amount for Shreve's original scope of work is \$5,403,050 and as evidenced by the two proposed change orders, it is probable that the City Manager's administrative change order authority may be quickly exhausted. Construction is on schedule for a completion date of April 2018, however several unforeseen conditions and minor scope changes have been discovered that affect the contract time, scope and cost. Change Orders No. 1 and No. 2 to the Shreve Construction contract address these changes.

RESOURCE/FINANCIAL IMPACT:

The project budget is adequate to cover the cost of both Change Order No. 1 and Change Order No. 2 while maintaining a reasonable project contingency (5%). The table below provides details on project expenditures and funding.

Project Expenditures:

Staff and other Direct Expenses	\$ 984,266
Land Use Expense	\$1,475,000
<u>Construction:</u>	
Shreve Construction Contract (Base Bid)	\$5,403,050
Change Order Number 1	\$ 95,247
Change Order Number 2	\$ 98,143
VECA Contract (Security Technology Package)	\$ 407,719
Other Construction (Lobby Sound Proofing, 1% for Art)	\$ 45,200

Contingency (5% of total construction)	<u>\$ 310,803</u>
Total Project Expenditures	\$8,819,428

Budgeted Project Revenue (2018 – 2023 proposed CIP):

Sale of Current Police Station	\$2,100,000
Treasury Seizure Funds	\$2,835,598
General Fund Contribution	\$2,254,301
Treasury Seizure Fund - Potential	\$ 200,000
State and Federal Drug Forfeiture Fund	\$ 837,294
Remediation Mitigation Claims	\$ 154,000
General Capital Fund	<u>\$ 438,235</u>
Total Project Revenue	\$8,819,428

RECOMMENDATION

Staff recommends that the City Council extend the City Manager's change order authorization limits for this project from \$50,000 to \$504,305 and authorize the City Manager to execute Change Orders No. 1 in the amount of \$95,247.00 and No. 2 in the amount of \$98,143.10 with Shreve Construction LLC.

Approved By: City Manager **DT** City Attorney **MK**

BACKGROUND

On May 1, 2017, the City Council authorized the City Manager to execute a contract with Shreve Construction LLC for construction of the Police Station at City Hall project. The project involves major tenant improvements to the first and third floors of City Hall and construction of a 5,800 square-foot single story addition to accommodate the Police Department's move to City Hall.

The contract amount for Shreve's original scope of work is \$5,403,050. The size and complexity of this project makes it likely that the City Manager's administrative change order authority will be quickly exhausted. Shoreline Municipal Code Section 2.60.040(D)(3)(b) allows City Council to extend the City Manager's administrative change order authority upon staff recommendation.

DISCUSSION

Staff recommends that Council extend the City Manager's authorization to 10% of the original contract amount, or \$504,305. Execution of Change Orders No. 1 and No. 2 will reduce the City Manager's remaining authorization for this contract to \$310,915, which is approximately equal to the remaining contingency amount. Council's authorization will enable staff to streamline any future change orders and eventual project close-out.

Change Orders No. 1 and No. 2

Change Order No. 1 addresses ten Change Order Proposals (COP) and one Construction Change Directive (CCD). The table below describes the changes included in Change Order No. 1:

Document	Description	Amount
COP #1	Revise fire service and domestic waterline. <i>The original utility design required connecting new water service lines to the Seattle Public Utilities (SPU) water main located on N. 175th Street. Staff and the contractor determined a revised alignment that uses the existing water main connection would be preferable. This work saved contract time and costs associated with SPU's connection charges.</i>	No Charge
COP #2	Contract to install office furniture. <i>Staff originally intended to contract furniture installation separately, however it was realized that coordination of this work will be more efficient if it is managed through the prime contractor's contract. Prior to receipt of this COP, the cost of this work was estimated to be \$61,000. Execution of this COP will result in savings of over \$30,000 that will be re-allocated to construction contingency.</i>	\$30,526.10
COP #3	Install exit signs <i>Four exit signs in the addition portion of the project were not included in the bid documents and must be installed per permit requirements.</i>	\$1,491.60

Document	Description	Amount
COP #4	Provide aluminum door frame in lieu of reuse of existing hollow metal door frame. <i>Purchase of a new door frame avoided significant schedule impacts.</i>	\$389.40
COP #5	Revised storm water alignment. <i>Revised alignment of the storm line to address a conflict with an existing Puget Sound Energy, 8-inch gas main. This work avoided significant impact to schedule.</i>	No Charge
COP #6	Install drain line from 4 th floor sprinkler room. <i>The current 4th floor sprinkler room has no direct drain which impacts the ability to repair or service the sprinkler system. This work corrects that omission from the original building design.</i>	\$10,081.50
COP #7	Remove doors, frames and hardware on two doors. <i>Removal of two redundant doors in the Police Department men's and women's locker rooms.</i>	\$(750.00)
COP #8	Move north wall on office 310 and add power and data supply for printer. <i>The north wall on office 310 was incorrectly located in the bid documents and power/data supply for a printer was not included.</i>	\$1,744.60
COP #9	Install exhaust fan and ductwork in 2 nd floor kitchen. <i>Exhaust fan to be installed in the 2nd floor kitchen to address ventilation issues.</i>	\$4,458.30
COP #10	Install isolation valves on 3 rd floor. <i>Valves on the 3rd floor allow for isolation of plumbing fixtures on the 3rd floor. This will provide for maintenance and repair without effecting water service throughout the rest of City Hall.</i>	\$888.80
CCD #2	Reconfigure storm water line along N. 175 th Street. <i>While installing the storm water line that connects the sites storm water system to the City storm system located on N. 175th Street, the contractor encountered an unexpected conflict with a utility duct bank. The solution required removal of approximately 100 feet of storm water pipe and re-installing it at a lower depth.</i>	\$46,416.70
Total		\$95,247.00

Change Order No. 2 addresses removal and treatment of contaminated soil found during demolition of the Grease Monkey building. The type of the contamination is determined to be motor oil from Grease Monkey oil change operations. This contamination was unexpected and came from a different source than the contaminated soil identified through the project's Phase II Environmental Site Analysis (Phase II ESA) completed during the planning and design phase of the project. The removal of contaminated soil discovered through the Phase II ESA is expected, and will be paid for through the original contract.

Change Order No. 2 accounts for contract cost and time associated with removal of the contaminated soil encountered during demolition of the Grease Monkey building.

Document	Description	Amount
CCD #1	Remove Grease Monkey contaminated soil.	\$98,143.10
Total		\$98,143.10

The two change orders each add five working days to the contract and extend the contract working days from 215 to 225 for a project completion date of April 26, 2018.

Project Status

October 10, 2017 marked a significant project milestone. Work on the 3rd floor of City Hall reached substantial completion and was approved for occupancy. The Planning and Community Development department moved into their new space on the 3rd floor on October 9 and opened for business on October 10. Site work for the building addition is nearing completion and the first floor renovation will begin in October. As noted above, the completion date for the project is April 26, 2018, which will allow the Police Department to move in during May 2018.

RESOURCE/FINANCIAL IMPACT

The project budget is adequate to cover the cost of both Change Order No. 1 and Change Order No. 2 while maintaining a reasonable project contingency (5%). The table below provides details on project expenditures and funding.

Project Expenditures:

Staff and other Direct Expenses	\$ 984,266
Land Use Expense	\$1,475,000

Construction:

Shreve Construction Contract (Base Bid)	\$5,403,050
Change Order Number 1	\$ 95,247
Change Order Number 2	\$ 98,143
VECA Contract (Security Technology Package)	\$ 407,719
Other Construction (Lobby Sound Proofing, 1% for Art)	\$ 45,200

Contingency	<u>\$ 310,803</u>
Total Project Expenditures	\$8,819,428

Budgeted Project Revenue (2018 – 2023 proposed CIP):

Sale of Current Police Station	\$2,100,000
Treasury Seizure Funds	\$2,835,598
General Fund Contribution	\$2,254,301
Treasury Seizure Fund – Potential	\$ 200,000
State and Federal Drug Forfeiture Fund	\$ 837,294
Remediation Mitigation Claims	\$ 154,000
General Capital Fund	<u>\$ 438,235</u>
Total Project Revenue	\$8,819,428

RECOMMENDATION

Staff recommends that the City Council extend the City Manager's change order authorization limits for this project from \$50,000 to \$504,305 and authorize the City Manager to execute Change Orders No. 1 in the amount of \$95,247.00 and No. 2 in the amount of \$98,143.10 with Shreve Construction LLC.