

Honorable Mayor and Members  
of the City Council  
City Hall  
Torrance, California

**Members of the Council:**

**SUBJECT: Public Works – Authorize additional contingency funds for Construction of the Del Amo Boulevard Extension, T-30, ESPLRSTP 5249-(021). Expenditure: \$540,000**

**RECOMMENDATION**

Recommendation of the Public Works Director that the City Council authorize additional contingency funds in the amount of \$540,000 to SEMA Construction (C2010-203) for construction of the Del Amo Boulevard Extension, T-30 Federal Project No. ESPLRSTP 5249-(021), increasing the total contingency from \$506,605 (5% of original contract) to \$1,046,605 (10.3% of original contract).

Funding

Funding for the additional contingency is available from grant funds (\$375,300) and City matching funds (\$164,700) both of which were previously appropriated to the Del Amo Boulevard Extension, T-30. There are sufficient funds in the project budget to cover the additional contingency and, even if fully used, the project cost will still be lower than the appropriated project budget

**BACKGROUND**

In September 2010, Your Honorable Body awarded an Agreement (C2010-203) to SEMA Construction in the amount of \$10,132,118.14 to construct the Del Amo Boulevard Extension, T-30. The award also included an authorization to use a 5% contingency in the amount of \$506,605. The project, when completed, will make Del Amo Boulevard an additional continuous east-west route throughout the city. Construction began in February 2011, is ongoing and significant progress has been accomplished to date.

**ANALYSIS**

Since February 2011, Public Works has used/reserved a portion of the original 5% contingency, previously authorized by Your Honorable Body, to address construction issues. The most notable issues are:

1. Expansive clay soils and/or unsuitable soil: There has been an ongoing need to address underlying expansive clay soils and/or unsuitable soil in order to provide

a stable sub grade for the future roadway and bridge. Staff expected to encounter some clay and unsuitable soil and, therefore, some funds to address this issue were included in the original construction contract. However, the full extent of clay and/or unsuitable soil conditions could not have been completely investigated and determined until the construction phase. To avoid costly delays, the solution has been to remove and export the clay and unsuitable soil and subsequently replace them with imported "good" soil. This issue is expected to continue. The added cost over the duration of the project (through June 2012) is expected to cost a total of \$400,000 to \$450,000.

2. Design changes to the storm drain and traffic signal systems, due to unexpected conflicts with underground utilities.
3. Increase in the quantity of some of construction items. (It is common in construction that actual quantities of some construction items exceed the Engineer's estimate, due to variations in material weights and/or measurements on a plan versus what is used during the construction.)
4. Materials and equipment upgrades (i.e., use of energy-efficient Induction Luminaires for street lighting that coincides with the City's new grant project for citywide replacement; installing empty underground conduit for future use to avoid future excavation).

The items above have been or will be added to the Agreement with SEMA Construction via respective Change Orders. Each has been funded with a portion of the original 5% contingency.

### **Justification to use additional contingency**

Public Works also has identified additional issues, improvements and/or needs that will not only use the remaining portion of the 5% contingency, but eventually exceed it. The most notable are:

- 1A. Traffic signal upgrades
  - Change to countdown-type pedestrian indicators at 4 intersections
  - Change from high pressure sodium luminaries to energy-efficient induction-type luminaries on the traffic signal safety lights
  - Replace older signal poles at Crenshaw Blvd and remove median signal poles to improve safety by eliminating roadway obstacles.
- 1B. Change to the use of rubberized asphalt for the final driving surface, instead of conventional asphalt. Rubberized asphalt is approximately 15% more expensive per ton than conventional asphalt; however, its use will: reduce future City maintenance costs; reduce noise; and is environmentally-friendly because it uses rubber content from recycled tires from California landfills

- 1C. Potential increases in the quantity of some of construction items that are not yet constructed.
- 1D. Other unanticipated construction issues that may occur subsequent to February 7, 2012.

Items 1A and 1B were intentionally not included in the original contract due to concerns of a limited project budget. Furthermore, had there been no wet and/or poor soil conditions, the original 5% contingency may have been sufficient to cover all added costs.

### Summary

To provide sufficient funds to cover costs for all anticipated and unanticipated construction issues, improvements and needs, it is recommended to increase the contingency from \$506,605 to \$1,046,605. The availability of additional contingency funds will help to avoid any time delays of which could increase the project cost. Any and all additions would be properly added to the Agreement via respective Change Orders, following the determination, or negotiation, of costs with the contractor.

There are sufficient grant funds in the project budget to cover 70% of the cost of added contingency, which is the maximum grant percentage that can be used towards construction costs. The City is required to pay the other 30%. Grant funds for the Del Amo Boulevard Extension, T-30, are not eligible for use on any other City project. Therefore, it is recommended to make justified use of the grant funds for the benefit of the project and users of the future roadway.

It is anticipated that major construction activities will be completed by June 2012.

Respectfully submitted,

ROBERT J. BESTE  
Public Works Director



By Craig Bilezerian  
Engineering Manager

CONCUR:



Robert J. Beste  
Public Works Director



LeRoy J. Jackson  
City Manager