



# REPORT TO COUNCIL

## City of Sacramento

915 I Street, Sacramento, CA 95814-2671  
[www.CityofSacramento.org](http://www.CityofSacramento.org)

CONSENT  
 March 13, 2007

Honorable Mayor and  
 Members of the City Council

**Title:** Change Order No. 2: "L" Street Barge Replacement (KE21)

**Location/Council District:** Old Sacramento Waterfront at "L" Street, District 1

**Recommendation:** Adopt a **Resolution:** 1) Transferring \$88,962 from the City's Deferred Maintenance Program (CE21) to the "L" Street Barge Replacement Project (KE21); 2) authorizing the City Manager to execute Change Order No. 2 with SGC Construction in the amount \$18,940 for the "L" Street Barge Replacement Project (KE21); and 3) resetting the City Manager's signature authority for this project.

**Contact:** Mike George, Associate Architect, 808-8425; Brian Reilly, Interim Supervising Engineer, 808-8427

**Presenters:** Not Applicable

**Department:** General Services

**Division:** Facilities & Real Property Management

**Organization No:** 3282

**Description/Analysis:**

**Issue:** The "L" Street Barge Replacement Project (KE21) currently has a budget deficit of \$70,022 due to unforeseen site conditions (see Attachment 2) and design errors, which resulted in additional design, construction and project management costs during the course of the project. City Council approval is necessary to transfer funding to cover the current budget deficit.

In addition, staff is recommending that the City Council approve Change Order No. 2 in the amount of \$18,940 for the additional work required to complete this project. Change Order No. 2 is in excess of the parameters set forth in City Code 3.60.210 (B) and lies outside the City Manager's approval authority since it will result in change orders that exceed 10 percent of the original contract price.

**Policy Considerations:** This action is in conformance with City Code, Title 3, Chapter 3.60.210, which governs contract change orders. This report's



recommendation is consistent with the City's Strategic Plan goal of enhancing sustainability and livability.

**Committee/Commission Action:** Not applicable.

**Environmental Considerations:** On January 10, 2002, the City Council approved a Negative Declaration for this project finding on the basis of the initial study and comments received that there is no substantial evidence that the project may have a significant effect on the environment.

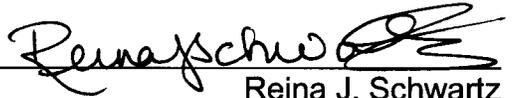
**Rationale for Recommendation:** On June 13, 2006, the City Council authorized the City Manager to negotiate and enter into the required contract for the purchase and improvement of a new barge for the waterfront in Old Sacramento. During the course of construction, unforeseen site conditions and design errors resulted in additional design, construction and project management costs. This has resulted in a budget deficit of \$70,022. The "L" Street Barge Replacement Project is identified in the City's Deferred Maintenance Program and is therefore eligible for deferred maintenance funds. City Council approval of the funding transfer to cover the current deficit is required.

Change Order No. 1 in the amount of \$37,647 was approved within the City Manager's change order authority. Change Order No. 2 in the amount of \$18,940 results in net change orders beyond the City Manager's authority of 10 percent of the original contract amount. City Council approval of Change Order No. 2 is therefore required.

**Financial Considerations:** The City's Deferred Maintenance program (CE21) includes the "L" Street Barge Replacement project. Adequate funding exists in CE21 to approve the transfer of \$88,962 to the "L" Street Barge Replacement project (KE21). With the transfer of funds there will be sufficient budget to cover the existing project deficit (\$70,022) and approve Change Order No. 2 (\$18,940). The recommended transfer of funds is sufficient to complete the project.

**Emerging Small Business Development (ESBD):** The selection of SGC Construction for this project followed City established guidelines for ESBD. At the time of the contract award SGC Construction exceeded the 20% ESBD goal, currently at 87%.

Respectfully Submitted by:   
Cynthia Kranc  
Facilities Manager

Approved by:   
Reina J. Schwartz  
Director, Department of General Services

Recommendation Approved:

  
 Ray Kerridge  
City Manager

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## **BACKGROUND INFORMATION**

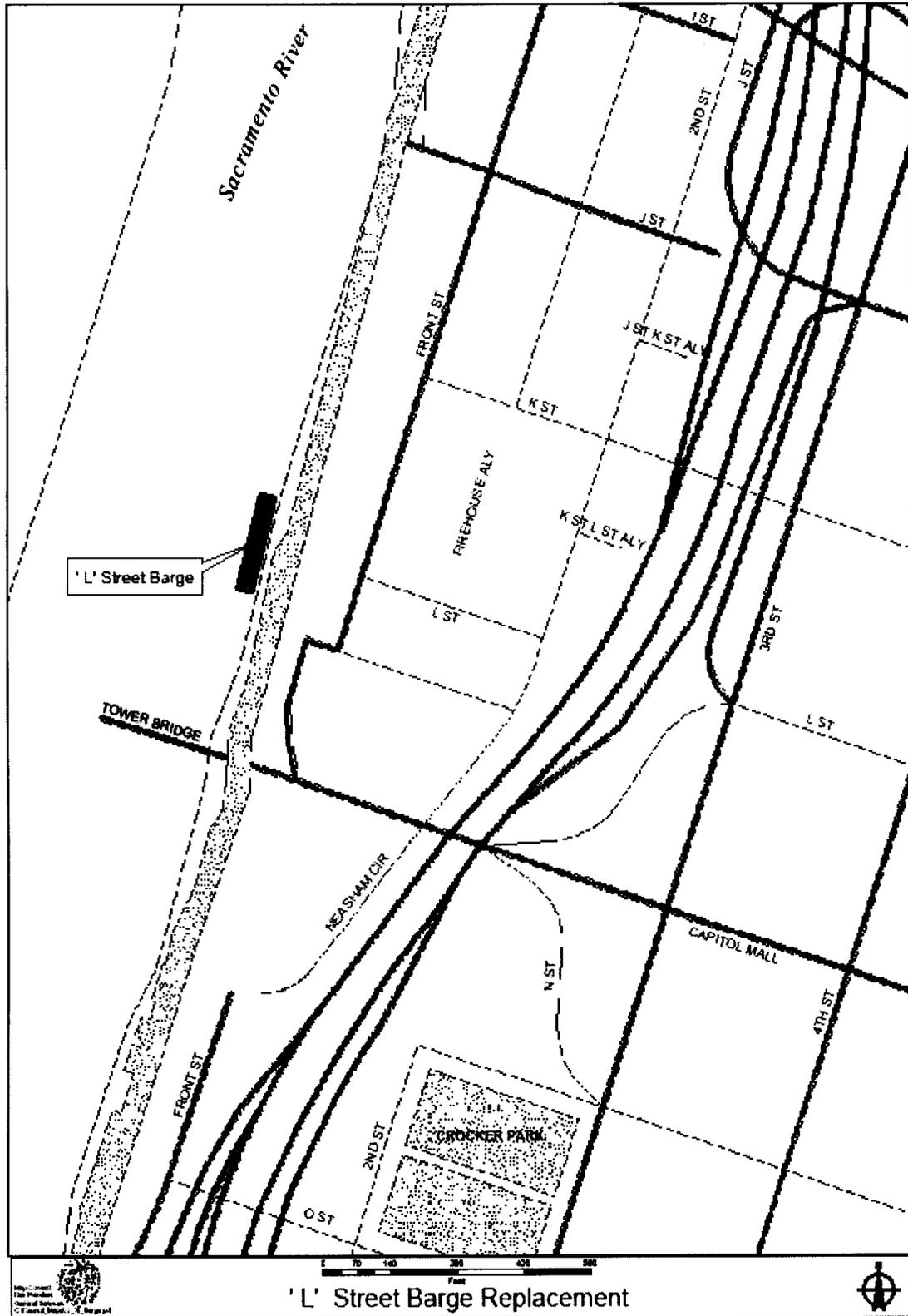
Old Sacramento was included in the Capitol Mall Extension Plan and the Capitol Mall Riverfront redevelopment projects first adopted in the 1960's and is now included in the Merged Downtown Redevelopment Project Area. This barge project is consistent with every implementation plan since that time, including the 2005 Downtown Sacramento Redevelopment Plan.

The existing barge was first put in place to serve as a temporary tour boat landing and to generate activity on the waterfront. The barge was purchased as military surplus in the early 1980's from the State of California and has provided pedestrian access to the waterfront for over twenty years.

A marine survey conducted by Steven C. MacNear in July 1999, noted numerous areas of hull corrosion and concluded that restoration of the vessel would be "expensive and impractical." In March 2000 an ultrasonic thickness survey of the barge by Bay Ship/Tomac NDT Services, Inc. noted through holes in three bow locations. In 2001, after reviewing previous studies and conducting another investigation, Gene Pearson, the City's consulting engineer, concluded that the existing "L" Street Barge had exceeded its useful life and should be replaced. Since the replacement of the barge is required due to normal wear, it is considered a deferred maintenance project.

- On April 14, 2005, Council adopted Resolution No. 2005-233 authorizing the City Manager or his authorized designee to negotiate and enter into a contract for a total amount not to exceed \$1.45 million for the purchase of a new replacement barge for the existing L Street Barge because no appropriate used barge could be located.
- On June 13, 2006 Council adopted resolutions authorizing the City Manager to negotiate and enter into the required contract for the purchase and improvement of a new barge for a total amount not to exceed \$1,202,717.
- On October 10, 2006 Council adopted a Resolution No. 2006-725 accepting SGC Construction as the low, responsible bidder for installation of the "L" Street Barge Replacement Project (KE21) for the total bid of \$399,843 and authorized the City Manager to execute a construction contract with SGC Construction.
- During the course of construction, unforeseen site conditions and design errors resulted in additional costs. Change Order No. 1 in the amount of \$37,647 was approved within the City Manager's change order authority. Change Order No. 2 in the amount of \$18,940 results in net change orders beyond the City Manager's authority of 10% of the original contract amount. City Council approval of Change Order No. 2 is therefore required.

ATTACHMENT 2



**ATTACHMENT 2**

**City of Sacramento**  
**CHANGE ORDER**

**Contract # & Date:** 2006-283 - 9/21/2006      **Budget #:** 101-500-KE21-4820  
**Purchase Order # :** 7 KE21 1993      **Change Order No.:** 2

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Sacramento, California      **JANUARY 18, 2007**

**TO:** SGC CONSTRUCTION, Contractor

**CONTRACT FOR:** "L" STREET BARGE REPLACEMENT PROJECT

Upon Mutual acceptance of this document by the City of Sacramento, hereinafter referred to as "City", and your firm, hereinafter referred to as "Contractor", in accordance with the terms and conditions of the original contract documents, you are hereby directed to make the following change or changes for the consideration set forth below:

**Description:**

**See Exhibit A**

The original contract sum was	\$	<u>399,843.00</u>
Net change by previous Change Orders	\$	<u>37,646.92</u>
The contract sum prior to this Change Order was	\$	<u>437,489.92</u>
The contract sum will be increased by this Change Order	\$	<u>18,940.00</u>
New contract sum including all Change Orders	\$	<u>456,429.92</u>

Contractor agrees that the amount of increase or decrease in the contract sum specified in this change Order shall constitute full compensation for the work required by this Change Order, including but not limited to all compensation for the additional and/or revised work specified herein, and shall fully compensate Contractor for any and all direct and indirect costs that may be incurred by Contractor in connection with such additional and/or revised work, including any changes disruptions or delays in work schedules or in the performance of other work by Contractor. The time for the performance of the contract is increased by 45 calendar days by reason of the performance of the work required by this Change Order. Except as herein above expressly provided, Contractor further agrees that the performance of the work specified in this Change Order or the rescheduling of other project work made necessary by this Change Order, shall not constitute a delay which will extend the time limit for completion of the work as said term is used in the contract between the City and the Contractor for the project.

**Approval Recommended by:**

Mike Georg  
Project Manager

**Approved as to Form By:**

\_\_\_\_\_  
City Attorney

**Approved By:**

[Signature]  
Contractor

**Approved By:**

\_\_\_\_\_  
City of Sacramento

**Attested to By:**

\_\_\_\_\_  
City Clerk

**EXHIBIT A**  
**"L" STREET BARGE REPLACEMENT PROJECT**  
**KE21**  
1/17/2007

Description	Amount
<b>Change Order # 2</b>	
<b>PCO # 7.0 Design Error</b> <i>Revisions to Gangway hinge connection</i>	5,463.00
<b>PCO # 8.0 Design Error</b> <i>Revisions to South Bridge</i>	4,479.00
<b>PCO # 9.0 Design Error</b> <i>Construct new North Bridge</i>	7,848.00
<b>PCO # 15.0 Design Error</b> <i>Cost to continue marine liability insurance</i>	1,150.00
4 Items	<b>Total for Change Order # 2</b>
	<b>\$18,940.00</b>

**RESOLUTION NO. 2007-XXXX**

Adopted by the Sacramento City Council

**March 13, 2007**

**TRANSFERRING \$88,962 FROM THE DEFERRED MAINTANCE PROGRAM TO THE L STREET BARGE PROJECT (KE21) AND APPROVING CHANGE ORDER NO. 2 TO CONTRACT NO. 2006-283 WITH SGC CONSTRUCTION IN THE AMOUNT OF \$18,940 FOR THE "L" STREET BARGE REPLACEMENT PROJECT (KE21)**

**BACKGROUND**

- A. The "L" Barge Replacement Project is consistent with the 2005 Downtown Sacramento Redevelopment Plan.
- B. On June 13, 2006 Council adopted resolutions authorizing the City Manager to negotiate and enter into the required contract for the purchase and improvement of a new barge for a total amount not to exceed \$1,202,717.
- C. On October 10, 2006 Council adopted a resolution accepting SGC Construction, as the low, responsible bidder for installation of the "L" Street Barge Replacement Project (KE21) for the total bid of \$399,843 and authorized the City Manager to execute a construction contract with SGC Construction.
- D. During the course of construction, unforeseen site conditions and design errors resulted in additional costs. Change Order No. 1 in the amount of \$37,646 was approved within the City Manager's change order authority. Change Order No. 2 in the amount of \$18,940 results in net change orders beyond the City Manager's authority of 10% of the original contract amount.
- E. Sufficient funding is available within the City Facility Deferred Maintenance project (CE21) to approve the transfer of \$88,962 to the L Street Barge Replacement project (KE21).
- F. Upon completion of the transfer of funds from the City Facility Deferred Maintenance project (CE21) there will be sufficient funding available within the L Street Barge project (KE21) to approve change order #2 in the amount of \$18,940.
- G. The "L" Street Barge Replacement Project is identified in the City's Deferred Maintenance Program and is therefore eligible for deferred maintenance funds.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- Section 1. A transfer of \$88,962 from the City's Deferred Maintenance Program (CE21) to the "L" Street Barge Replacement Project (KE21) is approved.
- Section 2. The City Manager is authorized to execute Change Order No. 2 SGC Construction for the "L" Street Barge Replacement Project (KE21) in the amount \$18,940.
- Section 3. The City Manager's signature authority is reset for the project.