



Date: May 20, 2014

To: Thomas J. Bonfield, City Manager

Through: W. Bowman Ferguson, Deputy City Manager

From: Joel V. Reitzer, Jr., Director, General Services Department

Subject: Radio Equipment Building Construction Change Order and Additional Professional Services

Executive Summary

The Radio Equipment Building, located at the Corner of Camden Avenue and Midland Terrace near the Solid Waste Management Administration Building, is currently under construction and 95% complete. Construction delays due to unforeseen conditions and owner requested additions have delayed the project completion.

An alternate design for the sewer connection was required because of a conflict with underground utilities, and required approval from NCDOT. This has resulted in an extended construction schedule and additional costs for both the contractor and the designer.

Recommendation

The General Services Department recommends that the City Council:

1. Authorize the City Manager to negotiate and execute change orders to the construction contract for the Radio Equipment Building with Morlando Construction LLC in an amount not to exceed \$87,820.54, so that the total contract amount will not exceed \$1,086,505.
2. Authorize the City Manager to negotiate and execute a contract amendment to the Professional Services Agreement for the Design of Radio Equipment Building with IBI Group of North Carolina, P.C. in an amount not to exceed \$25,513.00 so that the total contract amount will not exceed \$179,818.00.

Background

On February 6, 2013, a contract for the construction of the new Radio Equipment Building was executed with Morlando Construction, LLC in the amount of \$744,000.00. Six change orders have been executed totaling \$254,684.46 and putting substantial completion at June 6, 2014. The change orders have included the owner-requested Uninterruptable Power Supply (UPS) System, additional electrical and grading/concrete, and the revised sewer.

A proposed change order #7 was received for additional NCDOT-required modifications to the site along Camden Avenue to support the open-cut sewer line and the concrete driveway apron in the not to exceed amount of \$87,729.43 plus a contingency of \$91.11, totaling \$87,820.54. This amount is above the authorized construction contract total and requires Council approval.

The owner-requested UPS System, approved by City Council on December 2, 2013 for \$202,618 totaled 27% of the original contract value. The modified sewer connection (change order #6 at \$21,992.57), and this proposed change order #7 together total 14.7% of the original contract value. Change orders #6 and #7 were due to concealed conditions related to underground utilities and poor subsurface soils. Other change orders affecting the project total 4.3% of the original contract value and arise from a mixture of owner requested items, design errors/omissions, other concealed conditions, and contractor requested changes.

The City and IBI Group of North Carolina, PC (IBI Group) entered into a contract titled "Professional Design and Consulting Services for a New Radio Operations Building," dated June 22, 2011 for a contract amount of \$147,305. Two amendments have been approved, increasing the contract by \$7,000 for a total not to exceed contract amount of \$154,305.

Additionally, IBI Group and General Services have negotiated a proposed contract amendment for additional design and surveying for the sewer modification (\$8,619), construction administration and monthly progress meetings for an additional 8 months (not to exceed - \$14,695), and material testing services for anticipated unsuitable soils (not to exceed - \$2,199). Total compensation under this Third Amendment is proposed to be increased by a not to exceed amount of \$25,513 for a total not to exceed contract amount of \$179,818.

Issues/Analysis

When the exploratory dig for the sewer connection across Camden Avenue was made, the utility subcontractor discovered that an open cut installation was advisable due to crossing the existing underground critical utilities. A redesign of the sewer line connection, with City and NCDOT approvals, was required. This resulted in a delay to the completion of the project.

In order to maintain the proper depth of soil cover at the storm drainage ditch along Camden Avenue, NCDOT is requiring that the ditch level be raised at the sewer crossing. This necessitates re-grading the ditch along Camden Ave to maintain proper flow and replacing an existing broken storm pipe. Additionally, the soils along Camden Avenue, where the ditch and new sidewalk are to be built, are structurally poor. A concrete driveway apron is proposed to prevent the new sidewalk from failing at the existing driveway, which is used by heavy trucks and has poor subsurface materials. A construction change order proposal has been received for the NCDOT-required ditch work, storm pipe replacement, anticipated unsuitable soils, and concrete driveway apron.

The extended construction schedule has resulted in additional construction administration services by the architect, IBI Group. Additional sub-consultant services have been required for the sewer redesign and consultations with the City and NCDOT, and also for anticipated Construction Material Testing Services. Current project funding is not sufficient for the additional proposed construction change order and the professional services amendment.

Alternatives

City Council could choose not to amend IBI Group professional services contract or to approve the Change Order to the Morlando Construction contract. Staff does not recommend this alternative as IBI Group and the sub consultants continue to provide required construction administration and testing/inspections services that are essential to

completing the Radio Equipment Building. Additionally, without the construction change order completion, NCDOT will not approve the work in the right-of-way.

Financial Impacts

Project Funding Sources

Capital Projects Fund	New	\$85,000.00
Capital Projects Fund	3505K908-657778-CC310	\$202,618.00
Air-Lease Towers	3505K908-662003-CC310	\$40,037.00
Triangle Transit Authority	3505K908-635210-CC310	\$113,181.00
Certificates of Participation	3505K908-666000-CC310	\$352,200.00
2009 Limited Obligation Bond	3505K950-666006-CC310	\$500,000.00
Total Project Funding		\$1,293,036.00

Funding Uses Summary		
Prior:		
Professional Services-Design through Second Amendment		\$154,305.00
Construction Contract Through Change Order #6		\$998,684.46
Furniture and Equipment		\$17,347.97
Other Owner's Expenses		\$9,365.03
Total		\$1,179,702.46
Current:		
Construction Change Order #7 and Contingency		\$87,820.54
Professional Services Third Amendment		\$25,513.00
Funding Uses Total		\$1,293,036.00

SDBE Summary

This is a contract amendment. The item was not reviewed by the Department of Equal Opportunity/Equity Assurance for compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting.