



**City of Santa Ana**  
**20 Civic Center Plaza, Santa Ana, CA 92701**  
**Staff Report**  
**September 21, 2021**

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**TOPIC:** Construction Funding and Construction Engineering Services

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**AGENDA TITLE**

Approve Appropriation Adjustments and Amendments to the FY 2021-22 Capital Improvement Program to Increase Project Contingencies and Construction Funding for the South Main Street Corridor Improvements Project, and an Amendment to the Agreement with Butler Engineering, Inc. to Increase the Agreement Amount by \$200,000 and the Agreement Contingency by \$100,000, for a Total Amount not to Exceed \$1,236,924 (Project Nos. 18-6911, 20-6958, 21-6451, 21-6461) (Non-General Fund)

**RECOMMENDED ACTION**

1. Approve an appropriation adjustment to recognize \$275,000 of prior year fund balance in the Sanitary Sewer Fund, Capital Recovery Charges, Prior Year Carryforward revenue account and appropriate the same amount to the Sanitary Sewer Fund, Capital Recovery Charges, Improvements Other Than Building expenditure account.
2. Approve an appropriation adjustment to recognize \$1,500,000 from prior year fund balance in the Water Fund, Public Works Water Revenue, Prior Year Carryforward and appropriate the same amount to the Acquisition & Construction, Water Utility Capital Projects, Water Capital Project expenditure account.
3. Approve an appropriation adjustment to recognize \$1,500,000 from prior year fund balance in the Special Gas Tax Fund, Prior Year Carry Forward revenue account, transferring the funds to the Select Street Construction revenue account, and appropriating the same amount to the Select Street Construction, HUTA 2103 Gas Tax, Improvements Other Than Building expenditure account.
4. Approve an amendment to the Fiscal Year 2021-22 Capital Improvement Program to include \$275,000 in construction funds for the South Main Street Sewer Improvements Project (Project No. 21-6451).
5. Approve an amendment to the Fiscal Year 2021-22 Capital Improvement Program to include \$1,500,000 in construction funds for South Main Street Water Improvements Project (Project No. 21-6461).

6. Approve an amendment to the Fiscal Year 2021-22 Capital Improvement Program to include \$750,000 in construction funds for Main Street Rehabilitation from Edinger Avenue to First Street (Project No. 18-6911).
7. Approve an amendment to the Fiscal Year 2021-22 Capital Improvement Program to include \$750,000 in construction funds for Main Street Rehabilitation from Warner Avenue to Edinger Avenue (Project No. 20-6958).
8. Authorize the City Manager to execute an amendment to the agreement with Butier Engineering, Inc. for construction engineering services to increase the agreement amount by \$200,000 and the contingency by \$100,000, for a total agreement amount of \$1,236,924, subject to non-substantive changes approved by the City Manager and the City Attorney.
9. Approve an amendment to the Project Cost Analysis in the amount of \$3,275,000 for \$1,630,000 in additional contingency funds, \$1,500,000 in street light contingencies, and \$145,000 in additional contract administration, inspection and testing for a new estimated total construction delivery cost of \$21,584,245. The new estimated total construction delivery costs include \$12,759,695 for the construction contract, \$1,899,050 for contract administration, inspection and testing, and a \$6,925,500 project contingency for unanticipated or unforeseen work, subject to non-substantive changes approved by the City Manager and City Attorney.

## **DISCUSSION**

On January 19, 2021, the City Council awarded a construction contract to C.S. Legacy Construction for the South Main Street Corridor Improvements (Exhibit 1). The project's scope of work includes: monument signs, enhanced lighting, hardscaping, landscaping, irrigation, traffic signals, signing, striping, street pavement rehabilitation, sewer main replacement, and water main repair over a 2.5-mile stretch of Main Street from First Street to Dyer Road.

During construction, unidentified utilities were encountered along the sewer main alignment, requiring a revision to the sewer main infrastructure at those locations. Additionally, it was determined that existing soil conditions are not suitable to be reused as backfill material within the sewer trench. Because of these unforeseen conditions, staff recommends adding \$275,000 in Sanitary Sewer funding to the project contingencies (Exhibit 2).

The Public Works' Water Resources staff has determined that the water main line and laterals between Edinger Avenue and Warner Avenue have deteriorated and are undersized. To prevent system failure, the main and laterals will need to be replaced. At the time of the contract award, due to concerns about the condition of the existing water main, the City Council approved \$2,500,000 for "Water Main Repair Contingencies." However, upon conducting thorough field investigations and receiving quotes to do the

required repair, additional monies are needed to complete the scope. Staff recommends adding \$1,355,000 of Water Utility Capital funding to the project contingencies (Exhibit 2).

The scope of the project also includes replacing the street lighting system on Main Street from Warner Avenue to First Street. The original intent was to utilize the existing street lighting conduit and replace the wiring; however, this is no longer feasible. The existing conduit has deteriorated to a point where it is jeopardizing the existing lighting infrastructure on Main Street. Approximately 21,000 linear feet of 2-inch electrical conduit will need to be installed throughout the corridor. Because of these unsafe and unforeseen conditions, staff recommends adding \$1,500,000 in Gas Tax funding to the project funding (Exhibit 2) for expenditure on the replacement of the existing conduit. The installation of the new conduit will be performed by one of the City's on-call emergency contractors. Under a separate City Council action, the contractual capacity for the on-call emergency construction agreement will be increased to accommodate this work.

On January 19, 2021, the City Council authorized the City Manager to execute an agreement with Butier Engineering, Inc., to provide construction engineering services for the South Main Corridor Improvement Project. Due to issues encountered during construction and the significant expansion of the project scope, the \$936,924 originally allocated for this agreement will not be sufficient to complete the project.

Staff requests approval of an amendment to increase the agreement amount by \$200,000 and the contingency by \$100,000, for a total of \$1,236,924, for construction engineering services (Exhibit 3). The increased agreement capacity will allow for continued oversight and consistency in delivering the project. These services augment City staff efforts to ensure the timely delivery of the project. \$155,000 for this amendment is available in existing project funding. Staff recommends adding \$145,000 of Water Utility Capital funding to complete the funding for the agreement amendment.

### **ENVIRONMENTAL IMPACT**

In accordance with the California Environmental Quality Act, the recommended actions are exempt from further review. Categorical Exemption Environmental Review Nos. ER-2020-103, ER-2020-105, ER-2020-109, and ER-2020-110 were filed for the project.

### **FISCAL IMPACT**

Approval of the requested Appropriation Adjustments will provide the following funding:

1. Recognize \$275,000 from prior year fund balance in the Sanitary Sewer Fund, Capital Recovery Charges, Prior Year Carryforward revenue account (No. 05417002-50001) and appropriate the same amount to the Sanitary Sewer Fund, Capital Recovery Charges, Improvements Other Than Building expenditure account (No. 05417647-66220).

2. Recognize \$1,500,000 from prior year fund balance in the Water Fund, Public Works Water Revenue, Prior Year Carryforward revenue account (No. 06017002-50001) and appropriate the same amount to the Acquisition & Construction, Water Utility Capital Projects, Water Capital Project expenditure account (No. 06617647-66301).
3. Recognize \$1,500,000 from prior year fund balance in the Special Gas Tax Fund, Prior Year Carry Forward revenue account (No. 02917002-50001), transferring the funds to the Select Street Construction revenue account (No. 05917002-59000-029), and appropriating the same amount to the Select Street Construction, HUTA 2103 Gas Tax, Improvements Other Than Building expenditure account (No. 05917663-66220).

All funds are available for expenditure in Fiscal Year 2021-22; however, any remaining balances not expended at the end of the fiscal year will be carried forward into FY 2022-23 for expenditure (Exhibit 4).

The following table summarizes the \$3,275,000 that will be made available by this Council action to fund the additional construction costs:

<b>Fiscal Year</b>	<b>Accounting Unit - Account No. (Project No.)</b>	<b>Fund Description</b>	<b>Accounting Unit – Account No. Description</b>	<b>Amount</b>
<b>APPROPRIATION ADJUSTMENTS</b>				
2021-22	05417647-66220 (21-6451)	Sanitary Sewer Capital	Capital Recovery Charges, Improvements Other Than Building	\$275,000
2021-22	06617647-66301 (21-6461)	Water Acquisition & Construction	Water Utility Capital Projects, Water Capital Project	\$1,355,000
2021-22	06617647-66301 (21-6461)	Water Acquisition & Construction	Water Utility Capital Projects, Water Capital Project	\$145,000
2021-22	05917663-66220 (18-6911)	Select Street Construction	Gas Tax HUTA 2103, Improvements Other Than Building	\$750,000

2021-22	05917663-66220 (20-6958)	Select Street Construction	Gas Tax HUTA 2103, Improvements Other Than Building	\$750,000
<b>Total:</b>				<b>\$3,275,000</b>

**EXHIBIT(S)**

1. Staff Report: Construction Contract Award 1/19/2021
2. Amendment to Fiscal Year 2021-22 CIP
3. Amendment to Agreement with Butier Engineering
4. Revised Cost Analysis

Submitted By: Nabil Saba, P.E., Executive Director – Public Works Agency

Approved By: Kristine Ridge, City Manager