

**SUBMITTAL TO THE FLOOD CONTROL AND WATER CONSERVATION DISTRICT BOARD
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



214B

FROM: General Manager-Chief Engineer

SUBMITTAL DATE:
June 19, 2007

SUBJECT: Corona Drains Line 7A, Stage 2
Contract Change Order No. 1
Project No. 2-0-00232-02

RECOMMENDED MOTION:

The Board approve the attached Contract Change Order No. 1 between the District and KZC Construction, Inc., providing for compensation for extra work required for completion of the Corona Drains Line 7A, Stage 2 construction contract due to changed conditions, unknown utilities, pavement section revisions and increased material costs.

BACKGROUND:

See Page 2.

FINANCIAL:

See Page 2.

WARREN D. WILLIAMS
General Manager-Chief Engineer

FINANCIAL DATA	Current F.Y. District Cost:	\$130,000.00	In Current Year Budget:	Yes
	Current F.Y. County Cost:	\$0	Budget Adjustment:	No
	Annual Net District Cost:	\$0	For Fiscal Year:	06-07

SOURCE OF FUNDS: 25120 947420 527980 - Zone 2 Const/Maint/Misc - Contracts	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input checked="" type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY:
Alex Gann

County Executive Office Signature

- Consent
- Policy
- Consent
- Policy

Dept Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.: 11.2; 06/21/05
11.6: 02/27/07

District: 2nd

Agenda Number:

11.5

FISCAL PROCEDURES APPROVED
IVAN M. CHAND, FINANCE DIRECTOR

BY:
JEANINE REY-HAWKINS

FORM APPROVED
COUNTY COUNSEL
Neal Kipnis
JUN 06 2007

**FLOOD CONTROL AND WATER CONSERVATION DISTRICT BOARD SUBMITTAL
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

SUBJECT: Corona Drains Line 7A, Stage 2
Contract Change Order No. 1
Project No. 2-0-00232-02

SUBMITTAL DATE: June 19, 2007

Page 2

BACKGROUND:

The Board approved a contract with KZC Construction, Inc., as Agenda Item Number 11.2 on June 21, 2005 in the amount of \$1,569,000.00 and the Notice Of Completion as Agenda Item Number 11.6 on February 27, 2007.

Board authorization of Contract Change Order No. 1 is necessary to authorize final payment for extra work and costs associated with utility conflicts and increased material costs. Corona Drains Line 7A, Stage 2 is the extension of a major District facility along Grand Boulevard and Garretson Avenue in the city of Corona consisting of approximately 4,500 feet of reinforced concrete pipe ranging in size from 60 inches to 24 inches in diameter.

Throughout the course of construction the contractor encountered numerous utilities that were not marked on the original drawings or were improperly marked in the field by the utility operator. This resulted in broken lines the contractor was ordered to repair and additional use of manpower and equipment spent by the contractor in locating improperly marked utilities. Additionally, during the time from the contractor placing his unit bid for asphalt concrete to the actual placement of the material, oil prices escalated due to Hurricane Katrina, increasing the delivered unit price for asphalt concrete approximately 44%. The resulting increase in the Asphalt Concrete unit price represented an inequitable payment under terms of the original contract. A new unit price was negotiated using Caltrans' Standard as a guideline.

As set forth in the cooperative agreement with the City of Corona, the City requested additional street improvements at Rancho Road, Citron Street, Kellogg Avenue and Old Mill Road. The District will request reimbursement from the City for these costs.

The District and the Contractor both recognized that some of the work would be extra work, and both the District and the Contractor kept time and materials records for this extra work. Based upon extensive meetings between District and Contractor to review the records for this extra work, the parties have agreed upon the payment stated in this change order as appropriate compensation to the Contractor for all of this extra work and additional compensation for increased material costs.

Change Order No. 1 in the amount of \$130,000.00 along with additional contract pay item overages, some of which will be reimbursed by the City, in the amount of \$138,275.00 will increase the total construction cost of the project to \$1,837,275.00.

County Counsel has reviewed this matter, and the attached Change Order has been reviewed and approved as to legal form by County Counsel.

FINANCIAL:

Sufficient funds are available in the District's FY 2006-2007 Zone 2 budget for this contract increase of \$130,000.00 for this project.

RIVERSIDE COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT

Project: Corona Drains Line 7A, Stage 2
Project No. 2-0-00232-02

Sheet 1 of 2 sheets

CONTRACT CHANGE ORDER NO. 1

To KZC Construction, Inc. Contractor
You are hereby directed to make the herein described changes from the plans and specifications or to do the following described work not included in the plans and specifications.

NOTE: THIS CHANGE ORDER IS NOT EFFECTIVE UNTIL APPROVED BY THE GENERAL MANAGER-CHIEF ENGINEER OR THE BOARD OF SUPERVISORS OF THE DISTRICT.

Description of work to be done, estimate of quantities, and prices to be paid. Unless otherwise stated, rates for rental of equipment cover only such time as equipment is actually used and no allowance will be made for idle time. Change requested by DISTRICT

This final change order will cover the completion of and payment for all extra work related to this project including but not limited to all additional work noted in the Contractor's letter of December 14, 2006 and the Notice of Claim dated March 23, 2007. The Contractor was ordered to do extra work in accordance with Sections 2.06; 2.07; 7.03; and 8.03 of the General Provisions as well as Section 3 of the Special Provisions.

Throughout the course of construction the Contractor encountered numerous utilities that were not marked on the original drawings or were improperly marked in the field by the utility operator. This resulted in broken lines the Contractor was ordered to repair and additional use of manpower and equipment spent by the Contractor in locating improperly marked utilities.

Over the period of time from the Contractor placing his unit bid for asphalt concrete to the actual placement of the material, oil prices escalated due to Hurricane Katrina, increasing the delivered unit price for asphalt concrete approximately 44%. The resulting increase in the Asphalt Concrete unit price represented an inequitable payment under terms of the original contract. A new unit price was negotiated using Caltrans' Standard as a guideline.

As set forth in the cooperative agreement with the City of Corona, the City requested street improvements at Rancho Road, Citron Street, Kellogg Avenue and Old Mill Road, for which there was no basis for payment in the original contract. The District will request reimbursement from the City for these costs.

The District and the Contractor both recognized that some of the work would be extra work, and both the District and the Contractor kept time and materials records for this extra work. Based upon extensive meetings between District and Contractor staff to review the records for this extra work, the parties have agreed upon the payment stated in this change order as appropriate compensation to the Contractor for all of this extra work and additional compensation due to increased unit costs for asphalt concrete.

Continued on Sheet 2.

Estimated Cost: Decrease \$ _____ or Increase \$130,000.00

By reason of this order the time of Completion will be adjusted as follows:

Submitted by: DALE V. ANDERSON, Construction Engineer Date: _____
Approved: WARREN D. WILLIAMS, General Manager-Chief Engineer Date: _____
Chairman, Board of Supervisors Date: _____

We, the undersigned Contractor, have given careful consideration to the change proposed and hereby agree, if this proposal is approved, that we will provide all equipment, furnish all materials, except as may be otherwise noted above, and perform all services necessary for the work above specified, and will accept as full payment therefor the prices shown above.

Accepted: Date _____ Contractor KZC Construction, Inc.

By _____ Title _____

If the Contractor does not sign acceptance of this order, his attention is directed to the requirements of the specifications as to the proceeding with the ordered work and filing a written protest within the time therein specified.

RIVERSIDE COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT

Project: Corona Drains Line 7A, Stage 2
Project No. 2-0-00232-02

Sheet 2 of 2 sheets

CONTRACT CHANGE ORDER NO. 1

To KZC Construction, Inc. Contractor
You are hereby directed to make the herein described changes from the plans and specifications or to do the following described work not included in the plans and specifications.

NOTE: THIS CHANGE ORDER IS NOT EFFECTIVE UNTIL APPROVED BY THE GENERAL MANAGER-CHIEF ENGINEER OR THE BOARD OF SUPERVISORS OF THE DISTRICT.

Description of work to be done, estimate of quantities, and prices to be paid. Unless otherwise stated, rates for rental of equipment cover only such time as equipment is actually used and no allowance will be made for idle time. Change requested by DISTRICT

The additional compensation to be paid to the Contractor to complete all extra work addressed by this change order is \$130,000.00. The payment of this change order shall represent the final payment to the Contractor for this project and shall include settlement of and payment for all claims for additional compensation the Contractor has submitted or may submit in the future to the District related to this project, including but not limited to the claims stated in the Contractor's letter of December 14, 2006 and Notice of Claim dated March 23, 2007 (which stated combined claims of \$203,376.66).

The Contractor agrees to withdraw any and all pending claims against the District for compensation related to this project and the Contractor shall not make any further claim against the District for compensation related in any way to the project. The Contractor also agrees that KZC Construction, Inc. or any company wholly or partially owned by Kelly Cornish shall not submit a bid on any project advertised by the District for a period of four (4) years commencing from the date of execution of this Change Order.

The District agrees to withdraw any and all pending claim against the Contractor for damages pursuant to Section 6.06 of the project General Provisions and Section 2 of the Special Provisions.

Estimated Cost: Decrease \$ _____ or Increase \$130,000.00

By reason of this order the time of Completion will be adjusted as follows:

Submitted by: Dale V. Anderson Date: 06/06/07
DALE V. ANDERSON, Construction Engineer

Approved: Warren D. Williams Date: 6/7/07
WARREN D. WILLIAMS, General Manager-Chief Engineer

Chairman, Board of Supervisors Date: _____

We, the undersigned Contractor, have given careful consideration to the change proposed and hereby agree, if this proposal is approved, that we will provide all equipment, furnish all materials, except as may be otherwise noted above, and perform all services necessary for the work above specified, and will accept as full payment there for the prices shown above.

Accepted Date: 6/7/07 Contractor: KZC Construction, Inc.

By: Phil E. Cornish Title: Pres.

If the Contractor does not sign acceptance of this order, his attention is directed to the requirements of the specifications as to the proceeding with the ordered work and filing a written protest within the time therein specified.

FORM APPROVED
COUNTY COUNSEL

JUN 06 2007

Phil E. Cornish