

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

434



**FROM:** TLMA – Transportation Dept.

**SUBMITTAL DATE:**

**SUBJECT:** Contract Change Order #13 - Construction of Roadway Widening of La Sierra Avenue, El Sobrante Road to Cleveland Avenue, La Sierra area

**RECOMMENDED MOTION:** That the Board execute and authorize the Transportation Department to issue Contract Change Order No. 13 with M.S. Construction Management Group.

**BACKGROUND:** By Minute Order 3.34 of April 5, 2005, the Board entered into an agreement with M.S. Construction Management Group of Upland, CA for the construction of roadway widening and associated improvements of La Sierra Avenue, from El Sobrante Road to Cleveland Avenue, in the La Sierra area of Riverside County. During the period of construction, the price of Asphalt Concrete material increased dramatically due to numerous factors outside the control of the contractor or the County. The contractor filed a Notice of Potential Claim with the County and compensation was negotiated with the contractor for the actual cost increase charged by the supplier.

The authorized amount of the contract was \$3,225,463.00. The amount of this Contract Change Order is \$257,427.61 (7.98% of the original contract amount) and the total of all Contract Change Orders is \$472,554.85, which exceeds the maximum cumulative change order amount of \$322,546.30 that can be authorized by the Director of Transportation, and requires Board approval in accordance with Resolution No. 93-047. Continued...

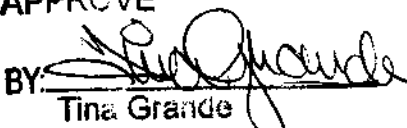
Project Work Order No. B0-0473.

JP:lma  
Attachments: Change Order 13

  
George A. Johnson  
Director of Transportation

<b>FINANCIAL DATA</b>	<b>Current F.Y. Total Cost:</b>	\$257,554.85	<b>In Current Year Budget:</b>	Yes
	<b>Current F.Y. Net County Cost:</b>	\$ 0.00	<b>Budget Adjustment:</b>	No
	<b>Annual Net County Cost:</b>	\$ 0.00	<b>For Fiscal Year:</b>	2006/2007

<b>SOURCE OF FUNDS:</b> TUMF (100%)	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<input checked="" type="checkbox"/>

**C.E.O. RECOMMENDATION:** APPROVE  
BY:   
Tina Grande  
**County Executive Office Signature**

Dep't Recomm.:  Consent  Policy  
Per Exec. Ofc.:  Consent  Policy

Prev. Agn. Ref.: 4/5/05 (3.34) | District: 1 | Agenda Number:

**JUSTIFICATION:** This contract was prepared and bid prior to substantial increases in the price of oil, and its by-product asphalt, due to many factors including Hurricane Katrina and world-wide fluctuations. Several oil refineries that produce the liquid paving asphalt were shut down for several months. These factors produced a shortage in the supply and cost increases in the neighborhood of 50% (150% of original price) that were not and could not be anticipated when the contract was bid. The paving supplier raised the price of asphalt concrete in the middle of this project (prior to the majority of paving) to the subcontractor who filed a claim against the prime, who in turn, filed a notice of potential claim with us. The supplier raised the price of Asphalt Concrete delivered to the project by \$15.32 per ton in December of 2005, essentially one year after the project was bid. The contractor's claim was originally for \$541,582 in January of 2006 and included requests for increases in costs for Aggregate Base and other items not related to asphalt costs and a mark-up on the asphalt cost. The Department has rejected the price escalations for the non-asphalt related items, and negotiated a Change Order of \$257,427.61 for the asphalt items. This Change Order reflects our settlement of that claim by compensating the contractor for the actual price increase of \$15.32 per ton of Asphalt Concrete placed on the project with no markups.

Due to this type of volatility in the asphalt price experienced over the past two years, the Department has now added a clause to the majority of projects that provides a formula and method for adjusting the price of asphalt concrete due to these external variables. The clause is a standard special provision that Caltrans uses and allows for price adjustments when the price of liquid asphalt fluctuates by more than 10%, either up or down, by a formula in the specification. The Asphalt Price Index, which tracks these fluctuations, is published monthly by Caltrans.

In addition to the asphalt Change Order, this project has experienced other Change Orders due to additional work that was added (to complete the widening of an adjacent missing link on La Sierra) and for additional eligible costs associated with the extensive slope stabilization and rock bolting necessitated by having to cut the road through a hill, creating steep slopes.