



**STAFF REPORT**  
**4/26/2023**

**TO:** Honorable Mayor and City Council Members

**FROM:** Andrew Simmons, P.E., City Engineer

**SUBJECT:** Modify construction contract budget with Desert Concepts and modify total project budget for the Pueblo Viejo Sustainable Transportation Project, City Project ST-130.

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**STAFF RECOMMENDATION:**

- Authorize the City Manager to modify the construction contract with Desert Concepts Construction, Inc. by increasing the contingency amount from 10% (\$308,314) to 20% (\$616,629) for the completion of construction of the Pueblo Viejo Sustainable Transportation Project, City Project ST-130.
- Authorize City Finance Director to transfer \$500,000 from Street Pavement Rehabilitation Phase 19 Project, ST-118, to the Pueblo Viejo Sustainable Transportation Project, City Project ST-130.

**BACKGROUND:**

In October of 2020, the City entered into a grant agreement with an Infill Infrastructure Grant (IIG) program, which also supplements an Affordable Housing and Sustainable Communities (AHSC) program grant. These two grants provide approximately 3.4 million in funding and are allocated under City project number ST-130. These grant funds are to be used on infill infrastructure improvements in the downtown Pueblo Viejo District. Improvements included in the grant funding include curbs, gutters, sidewalks, bike lanes, lighting, electrical undergrounding, public plaza improvements, landscaping and ADA improvements.

On January 27, 2021, the City Council approved a professional services agreement with Egan Civil, Inc. to develop final plans, specifications and estimates for the Pueblo Viejo Sustainable Transportation Project in the amount of \$182,000. And on January 12, 2022, City council approved an additional \$25,000 for construction engineering services.

On January 12, 2022, the City Council approved a Construction Contract with Desert Concepts Construction Inc. in the amount of \$3,083,148.50 and 10% for contingency for a total contract amount of \$3,391.463.

**DISCUSSION/ANALYSIS:**

During the course of the project, IID and Frontier Communications initiated several design changes and expansions to scope that resulted in projected change order costs that will be in excess of the approved 10% contingency. Staff is requesting that the total construction contingency be increased to 20% to insure that the project can be completed on schedule.

In addition to the construction costs noted above, The project also incurred IID design and relocation costs in excess of \$330,000. Due to the high cost of fees from IID and the extra costs associated with the undergrounding expansion of scope, approximately \$500,000 dollars are required to complete the fully burdened CIP project.

In order to prevent any impact to the City’s General Fund, the City is recommending that \$500,000 from Street and pavement rehabilitation funds (project ST-118) be utilized to cover all asphalt and paving work associated with the project. The grant funds are eligible to be used to cover the overages in the underground work so transferring street rehabilitation funds to cover the street rehabilitation work associated with the street rehabilitation work allows the City to maximize the grant fund reimbursements.

The Pueblo Viejo Sustainable Transportation Project (ST-130) is currently funded with the following grants and appropriations with the following allocations:

- IIG (Fund 152)- \$2,460,000
- AHSC (Fund 152)- \$1,196,500
- City Project F-7 (Fund 130)- \$250,000
- Coachella (Fund 101) - \$556,813

The total approved CIP budget for land acquisition, design, and construction totaled \$4,463,313.

**FISCAL IMPACT:**

The Pueblo Viejo Sustainable Transportation Project (ST-130) is proposed to increase the total project CIP budget from \$4,463,313 to \$4,963,313 by transferring \$500,000 from Street and Rehabilitation fund ST-118. This total includes all costs for land acquisition, design, construction, contingency, construction engineering, and utility service and relocation fees.