



City of Chula Vista

Staff Report

File#: 15-0242, **Item#:** 4.

..Title

RESOLUTION NO. 2015-183 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA REDUCING THE STL369 CIP BUDGET BY \$290,113 IN TRANSNET AND APPROPRIATING THE EQUIVALENT AMOUNT TO STM381; APPROPRIATING \$43,180 FROM THE AVAILABLE BALANCE OF THE TRAFFIC SIGNAL FUND TO CIP STM381; AND APPROPRIATING \$318,103 FROM THE AVAILABLE BALANCE OF THE GAS TAX FUND TO CIP DR196 (4/5 VOTE REQUIRED)

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

On January 13, 2015, City Council approved Resolution No. 2015-006 awarding a contract to TC Construction Company, Inc. for the Broadway Street Improvements between Main Street and South City Limits, CIP No. STM-381 and Resolution 2015-007 awarding a second contract to TC Construction Company, Inc. for the Storm Drain Rehabilitation FY 2013/2014, CIP No. DR-196. On April 24, 2015, the Department of Industrial Relations, Division of Labor Standards notified the City that these projects have to comply with California Labor Code Prevailing Wage requirements. Since the projects were awarded as non-prevailing wage contracts, additional funds are required to cover the cost differential between prevailing and non-prevailing wage rates.

ENVIRONMENTAL REVIEW

The Development Services Director has reviewed the proposed project for compliance with the California Environmental Quality Act (CEQA) and has determined that the project qualifies for a Class 1(c) categorical exemption pursuant to Section 15301 (Existing Facilities) of the State CEQA Guidelines. Thus, no further environmental review is necessary.

BOARD/COMMISSION RECOMMENDATION

Not Applicable.

DISCUSSION

The Broadway Street Improvement project involves the installation of sidewalk improvements, driveways, raised medians, full street reconstruction, traffic signal upgrades and other miscellaneous improvements.

The Storm Drain Rehabilitation FY 2013/2014 project involves replacing or rehabilitating existing corrugated metal pipes (CMP) that are badly deteriorated at various locations citywide.

On January 13, 2015, City Council approved Resolution No. 2015-006 (Broadway Improvements) and Resolution 2015-007 (Storm Drain Rehabilitation FY 2013/2014) awarding two non-prevailing wage contracts to TC Construction Company, Inc. Traditionally, the type of funds used for these

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projects (TransNet, Western TDIF and Traffic Signal) were considered locally generated funds allowing the City to award non-prevailing wage contracts.

On April 24, 2015, the City received a Notice of Investigation from the Department of Industrial Relations (DIR) to confirm compliance with the Public Work Laws (California Labor Code, Division 2, Part 7). As a result of this notice, it has been determined that the TransNet portion of the project funding for both projects triggers the Labor Code Prevailing Wage requirement.

Staff has reviewed labor cost documentation provided by the contractor estimating the cost differential between non-prevailing wage rates from the original bids to current prevailing wage rates for both projects. Documentation included cost breakdown of each labor classification including those from subcontractors. Evidence from previous non-prevailing wage projects was also provided to show the original labor rates at bid time were accurate. Labor classifications were provided allowing staff to verify that the new labor costs were consistent with current state approved prevailing wage rates. Additional costs requested by the contractor include prevailing wage compliance costs because the contractor must now do much more administrative work to comply with DIR prevailing wage certification requirements. The calculated wage differential amounts are based on estimates of how many hours will be needed to complete each project. The contractor is at risk because if the actual hours worked exceed these estimates, he will not be compensated for the wage differentials that go beyond the estimates. Therefore, staff recommends allowing the actual wage differentials paid to exceed the estimate by up to 20% for each project. The total appropriation into these projects includes these exceedance amounts.

If approved, staff will require the contractor to submit monthly labor cost worksheets indicating total hours worked to verify that only accurate labor wage differentials between non-prevailing wage rates and prevailing wage rates in accordance to the requirements of this resolution are being compensated.

The only other available alternative for these two projects is to terminate the contracts and re-advertise as prevailing wage projects. Staff recommends this proposal of appropriating additional funds to these existing contracts for several reasons: 1) re-bidding could result in even higher bids; 2) TC Construction Company is a reputable contractor who has successfully completed several CIP projects for the City in the past and staff is confident they will do a good job on these projects; 3) terminating these two contracts would result in some costs to the City for administrative efforts expended thus far by the contractor, and 4) re-advertising and re-bidding would result in additional staff time cost and delay completion of the improvements.

An additional \$98,000 is being added to the Broadway Improvements project, STL281, to bring the project contingencies up to 14% of the contract amount which is standard for a complex project such as this.

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council and has found no property holdings within 500 feet of the boundaries of the property which is the subject of this action. Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

LINK TO STRATEGIC GOALS

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. The street improvements along Broadway between Main Street and South City Limits support the Strong & Secure Neighborhood goal as it will ensure the maintenance and rehabilitation of public infrastructure, which is a key City function in providing a safe and efficient roadway system for residence, business and visitors alike.

CURRENT YEAR FISCAL IMPACT

Approval of the resolution will result in the transfer of \$290,113 from STL369 to STM381; appropriating \$43,180 from the Traffic Signal Fund to STM381; and appropriating \$318,103 from the Gas Tax Fund to CIP DR196. There is sufficient funds available in the projects and fund balances for these appropriations; therefore, no additional impact to these funds.

ONGOING FISCAL IMPACT

Upon completion of the projects, the improvements will require only routine City maintenance.

ATTACHMENTS

None

Staff Contact: Silvester Evetovich, Principal Civil Engineer