

CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

09 JUL -2 .PM 7:09

TO: Office of the Agency Administrator
ATTN: Dan Lindheim
FROM: Public Works Agency
DATE: July 14, 2009

RE: **Resolution Authorizing The City Administrator To Increase a Contract With Summerhill Electric By Up To Two Hundred Ninety Thousand Dollars (\$290,000.00) For A Total Contract Amount Of Four Hundred Ninety Thousand Dollars (\$490,000.00) To Complete Panel Conversions On The MacArthur Underground Project On MacArthur Boulevard From 73rd Avenue To The San Leandro Border**

SUMMARY

This report is a request for Council approval of a resolution authorizing the City Administrator to increase the current contract with Summerhill Electric, by up to \$290,000, for a total of \$490,000, to complete panel conversions within the MacArthur Undergrounding Project located on MacArthur Boulevard from 73rd Avenue to the San Leandro border. The total estimated City project cost is \$3,188,189 and the additional funds are available in the MacArthur Underground Project, and in the International / MacArthur Streetscape Project.

FISCAL IMPACT

Funds are available to cover these additional MacArthur undergrounding work costs from the two following sources of funds in CIP:

1. The City staff proposes to use \$65,000 of the funds that are already earmarked for the MacArthur Underground Project in the following funds:
 - \$50,000.00 in the Municipal Capital Improvement Fund (5500), International Boulevard / MacArthur Streetscape Project (C167620)
 - \$15,000.00 in the ORA Fund (7780), N/R Elmhurst Project (P52190)

2. The City staff proposes to use \$225,000 of the funds originally earmarked for the International Boulevard / MacArthur Streetscape Projects in the following funds:
 - \$55,593.30 in the General Purpose Fund (1010), International Boulevard / MacArthur Streetscape Project (C167610)
 - \$169,406.70 in the Municipal Capital Improvement Fund (5500), International Boulevard / MacArthur Streetscape Project (C167620)

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See Attachment A for a Summary of both the City's and the total Project Costs.

BACKGROUND

The MacArthur Underground Project will replace the overhead facilities of PG&E, AT&T, Comcast, and City Streetlights with new underground facilities. The City will install new streetlights with underground feed. The overhead facilities and wood poles will be removed at the completion of the project. City Council Resolution No. 76731 C.M.S. established the underground district on September 25, 2001.

The City's contract with the original contractor, the Underground Construction Company was to construct a substructure for the participants to place their facilities underground. The contract with the original contractor was for approximately \$9.8 million, and the substructure was completed in July 2007. The City's share of the cost for the substructure was \$1.7 million and PG&E, AT&T and Comcast shared in the remaining \$8.1 million. There was a cost increase in change orders and the City's share of that increase was \$348,060.

After the original contractor completed the substructure, PG&E, AT&T, Comcast, and the City installed new equipment such as cables and terminations, switches, transformers, power supplies, patch panels, streetlights, etc. to make the undergrounding feasible. These internal costs consisted of material and equipment costs, staff construction and project management costs, and permits and inspection costs, etc. and were estimated at a total of \$11,150,000.

However, the work undertaken by PG&E after July 2007 was not executed in the time allotted, so the original contractor requested the City to release it from its contract with the City. The project was further delayed as PG&E was not ready to go on with the panel conversions or to provide power to the City streetlights in the district. To complete the project, the work will continue for another seven months. All the wood poles in Phase 1 and Phase 2 will be removed in July 2009, and all the wood poles in Phase 3 will be removed in December 2009.

KEY ISSUES AND IMPACTS

There are approximately 264 properties in this underground district, but the original contractor completed the panel conversion of only 13 properties. Another 17 property owners elected to have their own panel conversion contractor and both PG&E and the City agreed with that choice and would pay for the cost of the panel conversion of these properties. The City bid out the remaining 235 properties to a new replacement contractor. The change to a new contractor, Summerhill Electric, resulted in a re-bid of the work at a higher bid price totaling \$200,000. Furthermore, the passage of time resulted in equipment being damaged or found missing in the interim. Repair of the vandalism to the electrical equipment has added substantially to the project cost and the projection is that the project will end up with \$290,000 additional cost to the panel conversion contract. The resultant change orders would exceed 20% of the contract price

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and require Council approval. The contract with Summerhill Electric will increase by up to \$290,000 and the new contract amount will be \$490,000.

The contractor has completed the panel conversion of 134 properties to date. The project is short of funds to pay the contractor and there are 117 properties still in need of panel conversions.

PROJECT DESCRIPTION

The MacArthur Boulevard Undergrounding Project is a major infrastructure project that will benefit the residents, property owners, merchants, and the community in general by improving the utility wires and upgrading the physical environment of the street. The undergrounding should be completed prior to the streetscape improvements in order to implement an orderly and logical sequence of work. For this reason, the City recommends that available funds originally earmarked for the capital improvement projects in the International / MacArthur Streetscape Project under the General Purpose Fund (1010), and under the Municipal Capital Improvement Fund (5500) be used to cover the shortfall for the undergrounding work. The undergrounding project is expected to be completed by December 2009.

SUSTAINABLE OPPORTUNITIES

Economic: The contractor is a small local company indigenous to the City. The undergrounding project will help support local businesses, property owners, and the community in general by providing upgrades in the infrastructure of the utilities and physically improving the business aspect of the community, also improving the local economy and supporting commercial businesses.

Environmental: The project will enhance the general aesthetics of the environment with the removal of overhead power and communication utilities. Approximately 130 wood poles will be removed.

Social Equity: The project elements including the removal of aerial lines, communication splice boxes, and power supplies mounted on wood poles, which will aid in making pedestrian walking a safer and more pleasant experience. The removal of the wood poles will enhance the area's aesthetics for the community. By completing the undergrounding work, the next phase of the project, the streetscape improvements may be started.

DISABILITY AND SENIOR CITIZEN ACCESS

The disappearance of the wood poles will make the right of way safe and useable for seniors and persons with disabilities. The new streetlights will improve the lighting in this major commercial corridor. The new pedestrian streetlights will add to the safety and security of the street.

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ACTION REQUESTED OF THE AGENCY

Staff recommends Council approval of the resolution allowing the contract with Summerhill Electric to be increased by \$290,000 in order to complete the panel conversions for the MacArthur Undergrounding Project.

Respectfully submitted,



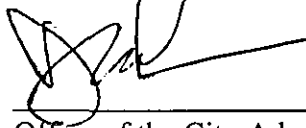
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Public Works Agency

Prepared by:
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APPROVED AND FORWARDED TO THE
PUBLIC WORKS COMMITTEE:



Office of the City Administrator

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Summary of Project Costs

For
The MacArthur Underground Project
On MacArthur Boulevard, From 73rd Avenue to the San Leandro Border
Project No. C211750

June 29, 2009

Project Cost Estimates	City	PG&E	AT&T	Comcast	Total for all participants	% Complete
A. Soft Cost, Equipment & Pole Removal*	\$ 650,000	\$ 7,500,000	\$ 2,000,000	\$ 1,000,000	\$ 11,150,000	75%
B. Contractor Bid Price for Substructure	\$ 1,708,232	\$ 4,435,467	\$ 1,948,549	\$ 1,732,630	\$ 9,824,878	100%
Subtotal	\$ 2,358,232	\$ 11,935,467	\$ 3,948,549	\$ 2,732,630	\$ 20,974,878	
C. Change Orders for Substructure	\$ 348,060	\$ 543,270	\$ 149,460	\$ 214,669	\$ 1,255,459	100%
Total Cost at Termination of 1st Contractor	\$ 2,706,292				\$ 22,230,337	
D. Replacement Contractors' Bid Price for Panel Conversion	\$ 120,000	\$ 90,000			\$ 210,000	55%
E. Change Order for Panel Conversions to date [05/12/2009]	\$ 136,000				\$ 136,000	55%
F. Change Order for Remaining Panel Conversions (Estimate)	\$ 150,000				\$ 150,000	55%
Subtotal	\$ 3,112,292				\$ 22,726,337	
G. Retention Due Contractor at Settlement	\$ 75,897				\$ 75,897	
Total Project Costs	\$ 3,188,189				\$ 22,802,234	

*Amounts for PG&E, AT&T, and Comcast are estimates.

Funding Allocation:

Funding Allocation	Amount (Rounded to Thousands)
Total Project Cost	\$3,188,000
Project Resources Spent-to-Date (Projected)	\$2,898,000
Available Project Resources	\$ 65,000
Additional Project Resources	\$ 225,000

[Signature]
City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

FILED
OFFICE OF THE CITY CLERK
OAKLAND

09 JUL -2 PM 7:10

Introduced by Councilmember _____

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO INCREASE THE CONTRACT WITH SUMMERHILL ELECTRIC BY UP TO TWO HUNDRED NINETY THOUSAND DOLLARS (\$290,000.00) FOR A TOTAL CONTRACT AMOUNT OF FOUR HUNDRED NINETY THOUSAND DOLLARS (\$490,000.00) TO COMPLETE PANEL CONVERSION ON THE MACARTHUR UNDERGROUND PROJECT ON MACARTHUR BOULEVARD FROM 73RD AVENUE TO THE SAN LEANDRO BORDER

WHEREAS, the MacArthur Underground Utility District No. 233 ("MacArthur Underground Project"), located on MacArthur Boulevard, from 73rd Avenue to the San Leandro border is a California Public Utilities Commission Rule 20A underground utility project, created by Council Resolution No. 76731 C.M.S.; and

WHEREAS, pursuant to a competitive bid, the City hired Summerhill Electric for \$200,000.00 to complete panel conversions on the MacArthur Underground Project, but costs have increased due to vandalism resulting in loss of and damages to the electrical equipment; and

WHEREAS, it is necessary to increase the contract with Summerhill Electric by up to \$290,000.00 for the additional work and this increase will exceed the City Administrator's purchase authority under Oakland Municipal Code Section 2.04.020.A; and

WHEREAS, there are funds available in the MacArthur Underground Project under ORA Fund (7780), and in the International / MacArthur Streetscape Project under the General Purpose Fund (1010) and the Municipal Capital Improvement Fund (5500) to pay for the increased costs to complete panel conversions for the MacArthur Underground Project; now, therefore, be it

RESOLVED: That the Council hereby authorizes the City Administrator to increase the contract with Summerhill Electric by up to two hundred ninety thousand dollars (\$290,000.00) for a total contract amount of four hundred ninety thousand dollars (\$490,000.00) for additional work needed to complete the panel conversion in connection with the MacArthur Underground Project.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, AND PRESIDENT BRUNNER

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California