

Meeting Agendas/Info

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

01-477

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

AGENDA:

SEPTEMBER 10, 2001

SUBJECT:

HUBBELL AVENUE
BRIDGE - CHANGE
ORDER NO. 1

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

FLOYD BENTZ, P.E.
CITY ENGINEER

SYNOPSIS -

Jensen Construction Company, (James E. Rasmussen, Owner, 5550 N.E. 22nd Street, Des Moines, Iowa, 50313) has requested additional compensation in the amount of \$85,000 as a "redefinition of the basis on which the work is to proceed" regarding their contract for replacement of the bridge on Hubbell Avenue over Four Mile Creek. Engineering and Legal staff have deemed the request to have merit within the framework of the governing specification and to be more economical than rebidding the contract.

This contract was bid under Iowa Department of Transportation (IDOT) specifications. The contractor was delayed from starting due to circumstances related to relocation of utilities suspended on the bridge, including weather and high water. The IDOT specification allows the contractor under these circumstances to either request cancellation or redefinition of work.

In a letter dated August 31, 2001, Jensen Construction requested \$140,000 of documented costs for cancellation. This request includes \$100,000 for materials that may be used by a follow-on contractor and \$40,000 for labor and equipment costs. The total cost to rebid a contract would include the following:

\$40,000 Unrecoverable Jensen costs
\$15,000 Redesign of plans (new specs, City provided materials)
\$55,000 Subtotal
\$36,000 Anticipated increase for next year's bid (3%)
\$91,000 Total Estimated Rebidding Cost

In addition to the above costs, there are unknown costs associated with storing and ensuring materials already purchased by Jensen. There is also a possibility that contractor prices could be significantly higher for next year's bidding due to supply and demand market forces as IDOT will be starting to bid their bridge projects for the I-235 project.

The second alternative offered by Jensen was a redefinition of the

work. On July 23, 2001, Jensen requested \$168,043 as a redefinition of the contract. Through a series of negotiations and slight modification to the contract performance period, Jensen has agreed to \$85,000 as compensation for a redefinition of the work.

Based upon the fact that the proposed change order is less expensive and less risky than cancellation and rebidding, the Engineering Department recommends acceptance of the \$85,000 change order for redefinition of the contract. This also allows the bridge to be completed sooner, causing less disruption to the traveling public.

FISCAL IMPACT-

The funds are available in the CIP, Index Code 322446, Account 543010, Fund CP032, Organization ENG990000, Project BRV024. With this \$85,000 change order, the project will still be within the CIP budget since the bid was \$125,000 below original estimate.

RECOMMENDATION -

Approval.

BACKGROUND -

This project was bid on April 3, 2001 by IDOT as Project No. BRM-1945(40)--8N-77 and is receiving Federal Highway Bridge Funds in the amount of \$1,000,000. Jensen was awarded the contract in the amount of \$1,178,093.30 on April 23, 2001.

The late start date in the contract was June 11, 2001. This date was qualified by contract wording that relocation work by Qwest may extend into late June and that scheduling coordination by the Contractor would be necessary. At the pre-construction meeting on June 19, 2001, Jensen received an updated schedule from Qwest that moved the utility relocation completion date into August, 2001.

Jensen's request is based on a clause in IDOT Specification Section 1109.04 - Cancelled Work that allows the contractor to make this request in the event that delays have prevented the start of work. Jensen did not have clear access to the existing bridge as required for demolition because Qwest experienced delays in relocation of 5,400 pairs of telephone lines attached to the bridge. This relocation work was delayed almost two months by high water in Four Mile Creek,

coordination requirements related to Des Moines Water Works relocation efforts, unexpected unstable soils, and wet weather. Qwest completed their work on September 4, 2001.

On July 23, 2001, Jensen originally requested revisions to the contract in the amount of \$168,043 for added expenses due to changes in the character of the work. Through further negotiations, an amount of \$85,000 has been established for adjustment to the contract for the following items:

- Additional payroll expense due to 2002 pay increase
 - Additional payroll expense due to lost efficiency during winter work
 - Additional equipment expense due to a longer work schedule
 - Additional risk incurred by Jensen due to constructing the project through the winter and the potential spring flood period
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