



# City of San Antonio

## Agenda Memorandum

**File Number:**21-4355

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**Agenda Item Number:** 22A.

**Agenda Date:** 6/17/2021

**In Control:** City Council A Session

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**DEPARTMENT:** Public Works

**DEPARTMENT HEAD:** Razi Hosseini, P.E., R.P.L.S.

**COUNCIL DISTRICTS IMPACTED:** Council District 4

### **SUBJECT:**

Interlocal Agreement Amendment, Agreement, Change Order and Deductive Change Order: Port San Antonio Project (2017 Bond Project)

### **SUMMARY:**

Consideration of the following items related to the Port San Antonio Project, a 2017 Bond funded project, located in Council District 4:

- A. An ordinance approving an amendment to the Interlocal Agreement between the City of San Antonio and the Port Authority of San Antonio authorizing the acceptance of funds in an amount not to exceed \$1,000,000.00 from the Port Authority of San Antonio for completion of construction of the Port San Antonio project; and authorizing the amending of the FY 2021 - FY 2026 Capital Improvement program with these funds from Port San Antonio to the Port San Antonio project.
- B. An ordinance approving an Agreement between the City of San Antonio, J3 Company LLC and DC Civil Construction LLC and authorizing payment to J3 Company LLC in the amount of \$140,000.00 for work performed related to the Port San Antonio project. Funds are available from 2017 - 2022 General Obligation Bond Program and are included in FY 2021 - FY 2026 Capital Improvement Program.
- C. An ordinance approving a City requested change order in the total increased amount of \$432,134.10 and authorizing payment to J3 Company LLC for delay claims related to the construction of the Port San Antonio project, a 2017 Bond funded project, located in Council District 4. Funds are available from 2017 - 2022 General Obligation Bond Program and are included in FY 2021 - FY 2026 Capital Improvement Program.

D. An ordinance approving a City requested deductive change order in the decreased amount of \$337,667.92 for a revised total contract amount of \$22,339,762.34 with J3 Company LLC for work associated with the construction of the drainage channel related to the Port San Antonio project, a 2017 Bond funded project, located in Council District 4.

## **BACKGROUND INFORMATION:**

### Project Background

On May 6, 2017, San Antonio voters approved the City of San Antonio's 2017-2022 Bond Program, of which \$24,000,000.00 was approved for drainage improvements associated with the Port San Antonio project. These funds are being used toward constructing the project, construction oversight and the reimbursement of construction phase design services and utility adjustments.

In partnership with the City, the Port Authority of San Antonio agreed to manage and fund the design phase of the project, including the necessary environmental services and manage the preconstruction utility adjustments. In return, the City agreed to contribute \$24,000,000.00 toward the construction and provide construction management services for the Port San Antonio project and fund the preconstruction utility adjustments. After construction is complete, the improvements will be maintained by the Port Authority of San Antonio.

The Port San Antonio project is a continuation of the City of San Antonio's commitment to providing an adequate storm water system to reduce on-going flooding risks within the City. The project expands the 36th Street Phase IIIB (Billy Mitchell to General Hudnell) drainage infrastructure built as part of the 2012 General Obligation Bond Program. Project construction began in February 2019 and is estimated to be completed by May 2022.

### Interlocal Agreement Amendment

As part of the Interlocal Agreement between the Port Authority and the City, the City will not be required to contribute any funds in excess of the \$24,000,000.00. The Port Authority of San Antonio is responsible for all costs in excess of the City's contribution. As part of a joint monthly review of the project budget it was determined that a \$1,000,000 contribution from the Port Authority was necessary to continue and complete project's construction. To maintain the overall budget, project adjustments will continue to be coordinated and evaluated by both the City and the Port Authority of San Antonio.

### Agreement

This agreement finalizes multiple issues made by the prime contractor, J3 Company LLC, on behalf of their subcontractor, DC Civil Construction LLC in association with the Port San Antonio project. All issues are related to the impact of groundwater on the project, associated project delays and the loss of production.

### Previous Council Action & Change Orders

A previously executed contract with J3 Company LLC for \$20,763,251.51 to construct the 2017 Bond Port Authority drainage project was approved by City Council on January 17, 2019 through Ordinance 2019-01-17-0025. Change orders have increased the contract by \$1,482,044.65. The proposed change orders will increase the contract capacity by \$94,466.18 to a revised contract amount of \$22,339,762.34.

The following table illustrates the change orders which have occurred since construction on this project began:

Item	Amount
Original Contract Value	\$ 20,763,251.51

Previous Change Orders	\$ 1,482,044.65
Proposed Change Orders	\$ 94,466.18
Revised Contract Value	\$ 22,339,762.34

These change orders will compensate the contractor for the time and work associated with constructing the drainage channel and mitigation efforts to address unforeseen conditions encountered during the project's construction. All change orders were negotiated in coordination with the Port Authority of San Antonio.

## ISSUE:

Consideration of the following items related to the Port San Antonio Project, a 2017 Bond funded project, located in Council District 4:

- A. This ordinance approves an amendment to the Interlocal Agreement between the City of San Antonio and the Port Authority of San Antonio authorizing the acceptance of funds in an amount not to exceed \$1,000,000.00 from the Port Authority of San Antonio for the continuation of project construction.

As part of the Interlocal Agreement between the Port Authority and the City, the Port Authority of San Antonio is responsible for all project costs in excess of the City's contribution of \$24,000,000.00. As part of a joint monthly review of the project budget it was determined that a \$1,000,000 contribution from the Port Authority was necessary to continue and complete the project's construction. This amendment to the Interlocal Agreement will provide for the process by which the Port Authority will reimburse the City for costs necessary to complete the project. To maintain the overall budget, project adjustments will continue to be coordinated and evaluated by both the City and the Port Authority of San Antonio.

- B. This ordinance approves an Agreement between the City of San Antonio, J3 Company LLC and DC Civil Construction LLC and authorizes payment to J3 Company LLC in the increased amount of \$140,000.00 for issues related to the impact of groundwater.

This agreement finalizes multiple claims made by the prime contractor, J3 Company LLC, on behalf of their subcontractor, DC Civil Construction LLC in association with the Port San Antonio project. All claims are related to the impact of groundwater on the project, associated project delays and the loss of production.

- C. This ordinance approves a City requested change order in the total increased amount of \$432,134.10 and authorizes payment to J3 Company LLC for delay claims related to the construction of the Port San Antonio project, a 2017 Bond funded project, located in Council District 4.

The contractor J3 Company LLC submitted a delay claim associated with the impact of groundwater and the subsequent redesigns of both the sanitary sewer system and drainage channel. A scheduling expert evaluated the delay claim and determined the contractor was entitled to 222 compensatory days to recover their costs incurred by the project delay.

- D. This ordinance approves a City requested deductive change order in the decreased amount of \$337,667.92 for a revised total contract amount of \$22,339,762.34 with J3 Company LLC for work associated with the construction of the drainage channel related to the Port San Antonio project, a 2017 Bond funded project, located in Council District 4.

The Port Authority and the City have jointly decided to revise a section of the drainage channel to remove a concrete retaining wall and replace it with a sloped concrete riprap. The channel revision eliminates the conflict of the depth of the retaining wall while still maintaining the necessary drainage requirements. This deductive change order saves on construction costs in the amount of \$337, 667.92 for the project.

#### **ALTERNATIVES:**

- A. As an alternative, City Council could require staff to descope the project to keep the project within the original budget without contributions from the Port Authority of San Antonio; however, this could lead to project delays and the potential cost increase for descopeing the project work.
- B. As an alternative, City Council could require staff to resolve the contractor's issues through a formal dispute process; however, this could be time consuming resulting in additional project costs.
- C. As an alternative, City Council could require staff to resolve this delay claim through a formal dispute process; however, this could be time consuming resulting in additional project costs.
- D. As an alternative, City Council could require staff to leave the retaining walls and not revise the channel; however, this would lead to potential funding issues resulting in the project exceeding its budget and leave potential conflicts with the USAF's underground infrastructure.

#### **FISCAL IMPACT:**

- A. This ordinance approves an amendment to the Interlocal Agreement between the City of San Antonio and the Port Authority of San Antonio authorizing the acceptance of funds in an amount not to exceed \$1,000,000.00 from the Port Authority of San Antonio for the completion of project construction; and authorizes the amending of the FY 2021 - FY 2026 Capital Improvement program with these funds from Port San Antonio to the Port San Antonio project.
- B. This is a one-time capital improvement expenditure in the amount of \$140,000.00 payable to J3 Company LLC for the Agreement between the City of San Antonio, J3 Company LLC and DC Civil Construction LLC for the impact of groundwater. Funds are available from 2017 - 2022 General Obligation Bond Program and are included in FY 2021 - FY 2026 Capital Improvement Program.
- C. This is a one-time capital improvement expenditure in the amount of \$432,134.10 payable to J3 Company, LLC for construction services related to delays associated with the design revisions of the drainage channel and sanitary sewer system. Funds are available from 2017 - 2022 General Obligation Bond Program and are included in FY 2021 - FY 2026 Capital Improvement Program.
- D. This ordinance approves a City requested deductive change order in the decreased amount of \$337,667.92 for a revised total contract amount of \$22,339,762.34 with J3 Company LLC for work associated with the construction of the drainage channel.

#### **RECOMMENDATION:**

Staff recommends approval of the following items related to the Port San Antonio Project, a 2017 Bond funded drainage project, located in Council District 4:

- A. Staff recommends approval of the execution of the amendment to the Interlocal Agreement between the City of San Antonio and Port Authority of San Antonio authorizing the acceptance of funds in an amount not to exceed \$1,000,000.00 from the Port Authority of San Antonio for the completion of project construction.
- B. Staff recommends approval of the execution of an Agreement between the City of San Antonio, J3 Company LLC and DC Civil Construction LLC and authorizes payment to J3 Company LLC in the increased amount of \$140,000.00 for issues related to the impact of groundwater.
- C. Staff recommends approval of a City requested change order in the total increased amount of \$432,134.10 and authorizes payment to J3 Company LLC for delay claims related to the construction of the Port San Antonio project.
- D. Staff recommends approval of a City requested deductive change order in the decreased amount of \$337,667.92 for a revised total contract amount of \$22,339,762.34 with J3 Company LLC for work associated with the construction of the drainage channel related to the Port San Antonio project.