Review Item 01.

(Contract for Review) Construction Change Order and Budgetary Adjustments: Del Rio Trail Project (K15165100)

File ID: 2023-01250

Location: District 5, Represented by Councilmember Maple and District 7, Represented by Councilmember Jennings

Recommendation: Accept and publish for review a Resolution: 1) authorizing the City Manager or the City Manager’s designee to transfer $800,000 from the Transportation Development Impact Fee (Fund 3215) available fund balance to the expenditure budget of the Del Rio Trail Project (K15165100); 2) authorizing the City Manager or the City Manager’s designee to execute Change Order No. 4 to City Agreement No. 2022-1216 with Mountain Methods, Inc. (MMI), for an amount not to exceed $1,035,047, bringing the agreement’s total not-to-exceed amount to $13,240,034; and 3) resetting the City Manager’s authority to issue Change Orders for City Agreement No. 2022-1216; and continue to October 24, 2023, for approval.

Contact: Adam Randolph, Senior Engineer, (916) 808-7803, arandolph@cityofsacramento.org; Judy Matsui-Drury, Supervising Engineer, (916) 808-7610, jmatsui-drury@cityofsacramento.org; Ofelia Avalos, Engineering Manager, (916) 808-5054, oavalos@cityofsacramento.org, Department of Public Works

Presenter: None.

Attachments:
1-Description/Analysis
2-Resolution
3-Change Order No. 4

Description/Analysis
Issue Detail: The Del Rio Trail Project (“Project”) is a multi-use trail currently under construction that runs from the Sacramento River Parkway by Riverside Boulevard, near William Land Park to an existing multi-use trail at Freeport Boulevard near the Sacramento Water Tower. The City approved the Environmental Impact Report (EIR) and preliminary design of the project on March 26, 2019 (Resolution No. 2019-0095).
The City approved the tree removal and replacement plans for the project on April 19, 2022, (Resolution No. 2022-0111). Replacement trees are planned to be planted by the Sacramento Tree Foundation, acknowledging that a separate construction contract for the irrigation system would be needed for tree establishment.

The City advertised a contract for the trail construction called a “Base Bid” and included an Optional Bid Alternative item for tree irrigation that could be additionally awarded should favorable bids be received. The low bidder was determined based on the “Base Bid” for trail construction. When bids were opened, the average price among bidders for irrigation work was roughly $1,000,000. However, the lowest overall bidder, Mountain Methods, Inc. (MMI) had an irrigation item bid price of $4,523,000. The City awarded the Base Bid construction contract to MMI on November 15, 2022 (Resolution No. 2022-0347). The Optional Bid Alternative for irrigation work was not awarded as part of that contract.

City staff negotiated the price of the bid alternative work with MMI, who identified a local subcontractor acceptable to the City to perform the irrigation work for $1,035,047 (roughly equivalent to the original average bid price and within 3% of the engineer’s estimate). Staff recommends executing a construction change order with MMI for the bid alternative at the negotiated price. This approach maintains contract efficiencies under one contract and reduces contract administration.

The transfer of Transportation Development Impact Fee funds is needed to complete the irrigation work for this project.

**Policy Considerations:** The Del Rio Trail Project is consistent with the City General Plan goals and key policies of promoting safety and enhancing livability, sustainability, and economic vitality. The project promotes the development of a connected network (General Plan ERC 2.1.2), connections to other trails (General Plan ERC 2.4.3), providing multi-modal choices (General Plan M 1.2.1), and providing a continuous bikeway network (General Plan M 5.1.3). The project is consistent with the Mobility Element to create a well-connected transportation network through integration of recreation and community facilities with other public spaces and rights-of-way that includes Regional Transit facilities and service points. The project is a near-term goal for the bikeway implementation plan.

The Sacramento City Code Section 3.60.210 limits the Authority of the City Manager to execute change orders up to 6% of the original contract price. In addition, any single change order that increases the contract amount by more than $250,000 requires City Council approval.

The Sacramento City Code Section 4.04.020 and Council Rules of Procedure (Chapter 7, Section E.2.d) mandate that unless waived by a 2/3 vote of the City Council, all labor agreements, and all agreements greater than $1,000,000 shall be made available to the public at least ten (10) days prior to council action.
Economic Impacts: This new infrastructure is expected to create 4.14 total jobs (2.38 direct jobs and 1.76 jobs through indirect and induced activities) and create $639,074 in total economic output ($402,813 of direct output and another $236,261 of output through indirect and induced activities).

The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical $1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

Environmental Considerations:


National Environmental Policy Act (NEPA): Caltrans is the lead agency for NEPA on this project and approved a Categorical Exclusion in compliance with NEPA on October 25, 2019.

Sustainability: This Project is consistent with the City’s General Plan Climate Action Plan policies and programs to support active transportation connections.

Commission/Committee Action: The Project was presented as an information item to the Sacramento City/County Bicycle Advisory Committee on March 17, 2017, and to the Active Transportation Commission (ATC) on November 6, 2018. The Project was presented to the Disabilities Advisory Commission (DAC) to receive and provide feedback on July 27, 2022. No actions resulted from these presentations.

Rationale for Recommendation: The Project will provide communities in south Sacramento, including South Land Park, Freeport Manor, Z’berg Park, Land Park, Meadowview and Pocket an Americans with Disabilities Act (ADA)-compliant path to downtown Sacramento. This fills a large gap in the City’s active transportation network, decreasing multiple communities’ automotive dependency and vehicle miles traveled for trips to schools, retail, jobs, and recreational amenities.

The Project will:

- Advance and complete the planned connection between the Sacramento River Parkway and the Freeport Shores Bikeway in accordance with the City of Sacramento Bikeway Master Plan utilizing public right-of-way and public agency parcels;
Connect logical origins and destinations proximate to the trail alignment by improving pedestrian and bicycle access throughout the South Land Park, Freeport Manor, Z'berg Park, Land Park, Meadowview, and Pocket communities; and

Provide an ADA-compliant, active transportation connection to adjacent communities throughout the south Sacramento area for pedestrians and bicyclists of all ages and abilities to access schools, retail, jobs, and recreational amenities.

The City will plant over 800 new trees with the Project. To ensure the survival of these trees, an irrigation system must be constructed. Change Order No. 4 will allow the contractor to install the needed irrigation system at a competitive, negotiated cost.

Because Change Order No. 4 is a reasonable cost and there are additional cost savings in not having to administer a separate construction contract, staff recommends that the Change Order No. 4 be executed with MMI.

**Financial Considerations:** The estimated total cost to complete design, right-of-way, and construction support for the Del Rio Trail Project (K15165100) is approximately $23 million, including the costs for the irrigation installation. With the transfer of $800,000 from the Transportation Development Impact Fee (Fund 3215) available fund balance, there will be sufficient funding to award Change Order No. 4 to MMI for an amount not to exceed $1,035,047 and cover the remaining construction management and other project related costs.

There is sufficient funding within the Transportation Development Impact Fee (Fund 3215) available fund balance to support the transfer to the Del Rio Trail Project (K15165100) in the amount of $800,000.

**Local Business Enterprise (LBE):** The contract with MMI is a federally funded contract and as a result Disadvantaged Business Enterprise (DBE) project participation requirements apply. The City’s LBE policy is held in abeyance. MMI is a DBE, Native American owned business. They are self-performing over 33% of the work for the Base Bid contract, exceeding the DBE goal of 24%.
RESOLUTION NO. 2023-

Adopted by the Sacramento City Council

October 24, 2023

CONSTRUCTION CHANGE ORDER AND BUDGETARY ADJUSTMENTS: DEL RIO TRAIL PROJECT (K15165100)

BACKGROUND

A. The Del Rio Trail Project (“Project”) is a planned multi-use trail that will run from the Sacramento River Parkway by Riverside Boulevard, near William Land Park to an existing multi-use trail at Freeport Boulevard near the Sacramento Water Tower. The City approved the Environmental Impact Report (EIR) and preliminary design of the project on March 26, 2019 (Resolution No. 2019-0095).

B. The City approved the tree removal and replacement plans for the project on April 19, 2022 (Resolution No. 2022-0111). Replacement trees are planned to be planted by the Sacramento Tree Foundation, but a separate construction contract for the irrigation system is needed for tree establishment.

C. The City advertised a contract for the trail construction called a “Base Bid” and included an Optional Bid Alternative item for tree irrigation that could be additionally awarded should favorable bids be received. The low bidder was determined based on the “Base Bid” for trail construction. When bids were opened, the average price among bidders for irrigation work was roughly $1,000,000. However, the lowest overall bidder, Mountain Methods, Inc. (MMI) had an irrigation item bid price of $4,523,000. The City awarded the Base Bid construction contract to MMI on November 15, 2022 (Resolution No. 2022-0347). The Optional Bid Alternative for irrigation work was not awarded as part of the original contract.

D. City staff negotiated the price of the bid alternative work with MMI, who identified a local subcontractor acceptable to the City to perform the irrigation work for $1,035,047 (roughly equivalent to the original average bid price and within 3% of the engineer’s estimate). Staff recommends executing a construction change order with MMI for the bid alternative at the negotiated price.

E. The transfer of Transportation Development Impact Fee funds is needed to complete the irrigation work for this project.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:
Section 1. The City Manager or the City Manager’s designee is authorized to transfer $800,000 from the Transportation Development Impact Fee (Fund 3215) available fund balance to the expenditure budget of the Del Rio Trail Project (K15165100).

Section 2. The City Manager or the City Manager’s designee is authorized to execute Change Order No. 4 to City Agreement No. 2022-1216 with Mountain Methods, Inc. (MMI), for an amount not to exceed $1,035,047, bringing the agreement’s total not-to-exceed amount to $13,240,034.

Section 3. The City Manager’s authority to issue Change Orders for City Agreement No. 2022-1216 is reset.
**CONTRACT ROUTING SHEET**

*Contract Cover/Routing Form: Must Accompany ALL Contracts; however, it is NOT part of the contract.*

**General Information (Required)**

Original Contract #: (supplements only): 2022-1216  
Supplement/Addendum #: 04

Assessor’s Parcel Number(s):  
Contract Effective Date: 10/24/23

Contract Expiration Date (if applicable):  
$ Amount (Not to Exceed): $13,240,033.32

Adjusted $ Amount (+/-): $1,035,046.58

Other Party: MOUNTAIN METHODS, INC.

Project Title: DEL RIO TRAIL PROJECT

Bid/RFQ/RFP #: B23151131001

City Council Approval: YES  
if YES, Council File ID#: 2023-01250

**Contract Processing Contacts**

Department: Public Works  
Project Manager: ADAM RANDOLPH

Contract Coordinator: RAQUEL GONZALEZ  
Email: RAGonzalez@cityofsacramento.org

**Department Review and Routing**

Contracts:  
Project Manager: Raquel González 09/26/2023

Supervisor:  
Division Manager:  

**Special Instruction/Comments (i.e. recording requested, other agency signatures required, etc.)**

☑ Construction Related  
☐ Other Party Signature Required

------------------------FOR CLERK & IT DEPARTMENTS ONLY – DO NOT WRITE BELOW THIS LINE------------------------
City of Sacramento

CHANGE ORDER

Project #: K15166100
Contract #: 2022-1216
Purchase Order #: Change Order #: 4

Sacramento, California

TO: Mountain Methods, Inc., Contractor

CONTRACT FOR: Del Rio Trail Project

Upon Mutual acceptance of this document by the City of Sacramento, hereinafter referred to as "City", and your firm, hereinafter referred to as "Contractor", in accordance with the terms and conditions of the original contract documents, you are hereby directed to make the following changes for the consideration set forth below:

Description:

See Exhibit A

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>The original contract sum was</td>
<td>$12,136,063.40</td>
</tr>
<tr>
<td>The net change by previous Change Orders was</td>
<td>$68,923.34</td>
</tr>
<tr>
<td>The contract sum prior to this Change Order was</td>
<td>$12,204,986.71</td>
</tr>
<tr>
<td>The contract sum will be increased by this Change Order</td>
<td>$31,035,040.50</td>
</tr>
<tr>
<td>The new contract sum including all Change Orders</td>
<td>$13,240,033.32</td>
</tr>
</tbody>
</table>

Contractor agrees that the amount of increase or decrease in the contract sum specified in this Change Order shall constitute full compensation for the work required by this Change Order, including but not limited to all compensation for the additional and/or revised work specified herein, and shall fully compensate Contractor for any and all direct and indirect costs that may be incurred by Contractor in connection with such additional and/or revised work, including any changes disruptions or delays in work schedules or in the performance of other work by Contractor. The time for the performance of the contract is increased by 0 Working Days by reason of the performance of the work required by this Change Order. Except as herein above expressly provided, Contractor further agrees that the performance of the work specified in this Change Order or the rescheduling of other project work made necessary by this Change Order, shall not constitute a delay which will extend the timet limit for completion of the work as said term is used in the contract between the City and the Contractor for the project.

Approval Recommended by:

[Signature]
Project Manager

Approved by:

[Signature]
City of Sacramento
Executed Date 10/24/2023

Attested to by:

[Signature]
City Clerk

Approved as to form:

[Signature]
City Attorney

Rev 10/22/96
# Exhibit A
## Del Rio Trail Project
### 2022-1216

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Change Order #4</strong></td>
<td></td>
</tr>
<tr>
<td><strong>PCO # 4.0</strong> Changes to Bid Documents</td>
<td>$995,046.58</td>
</tr>
<tr>
<td>09/25/23</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PCO # 28.0</strong> Changed/Unforeseen Conditions</td>
<td>$40,000.00</td>
</tr>
<tr>
<td>09/25/23</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>1 Change Orders</strong></td>
<td><strong>2 Items</strong></td>
</tr>
<tr>
<td><strong>Totals By Reason</strong></td>
<td></td>
</tr>
<tr>
<td>Changed/Unforeseen Conditions</td>
<td>$40,000.00</td>
</tr>
<tr>
<td>Changes to Bid Documents</td>
<td>$995,046.58</td>
</tr>
<tr>
<td>Client Initiated Changes</td>
<td>$0.00</td>
</tr>
</tbody>
</table>