



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: SEPTEMBER 7, 2021

FROM: GENERAL SERVICES DEPARTMENT WARD: 3

SUBJECT: BID NO. 7790 – CONSTRUCTION OF AN AIRPORT OBSERVATION DECK AT RIVERSIDE MUNICIPAL AIRPORT - INCREASE IN CHANGE ORDER AUTHORITY WITH METRO BUILDERS AND ENGINEERS, LTD FROM \$32,983 (15%) TO \$132,983 (39.6%) FOR A REVISED CONTRACT AMOUNT OF \$352,872 – SUPPLEMENTAL APPROPRIATION

ISSUE:

Approve an increase in change order authority for Bid No. 7790 – Construction of an Airport Observation Deck at Riverside Municipal Airport, with Metro Builders and Engineers, LTD of Newport Beach, California from \$32,983 (15%) to \$132,983 (39.6%) for a revised contract amount of \$352,872.

RECOMMENDATIONS:

That the City Council:

1. Approve an increase in change order authority from \$32,983 (15%) to \$132,983 (39.6%) for a revised contract amount of \$352,872; and
2. By at least five affirmative votes, authorize a supplemental appropriation in the amount of \$100,000 in the Airport Fund, Airport Terminal Deck Project Account.

BACKGROUND:

On February 9, 2021, the City Council approved a Construction Agreement with Houalla Enterprises LTD, doing business as Metro Builders & Engineering Group, LTD (Metro Builders) of Newport Beach, California for reconstruction of the Airport observation deck at Riverside Municipal Airport in the amount of \$219,889 plus a 15% change order authority in the amount of \$32,983 for a total project cost of \$252,872.

DISCUSSION:

The reconstruction of the patio deck began in April 2021. During the initial demolition phase, weather and termite damage was discovered in the support beams that significantly exceeded the anticipated damage visible from initial surface observations. As demolition continued and the top layer of the deck was removed, additional termite damage and wood rot was discovered in the sub-floor to the extent that the entire sub-floor system must be removed and replaced.

The increase in change order authority is required to cover the cost of additional materials and work to the sub-floor system. Section 1104 of Purchasing Resolution 23256 allows for modification to purchase orders by change order when “modifying scope of work/services being provided, where the modification is reasonably related to the original scope of work/services.” It further specifies that “Change Orders which cumulatively exceed the following will require Awarding Entity approval...c) 10% of the original contract price for Contracts and/or Purchase Orders previously approved by the Awarding Entity and the total Change Order amount will not exceed \$150,000.”

The Purchasing Manager concurs that the recommendation to approve the increase in change order authority is in compliance with Purchasing Resolution 23256.

STRATEGIC PLAN ALIGNMENT:

The requested increase to change order authority meets Strategic Priority 6 – *Infrastructure, Mobility & Connectivity* and Goal No. 6.1 – Provide, expand and ensure equitable access to sustainable modes of transportation that connect people to opportunities such as employment, education, healthcare, and community amenities.

This item aligns with each of the five Cross-Cutting Threads as described below:

1. **Community Trust** – The Airport Observation Deck provides a public platform to view airport operations, improves transparency, and builds community trust associated with the management of a general aviation airport.
2. **Equity** – Improvements to the Observation Deck provide a safe and reliable viewing opportunity for the entire community and meets ADA compliance.
3. **Fiscal Responsibility** - The lowest price for construction services and thereby the best value for Airport tenants and customers was ensured through a competitive bidding process.
4. **Innovation** - The Airport observation deck provides a unique opportunity for education and viewing the overall operations of the Airport.
5. **Sustainability and Resiliency** – Maintaining and improving the airport facility will continue to provide the operational sustainably and resiliency of this valuable community asset.

FISCAL IMPACT:

The fiscal impact of this action is \$100,000. Upon Council approval, an increase in appropriations of \$100,000 will be recorded the Airport Fund, Airport Terminal Deck Project expenditure account number 9903400-440301. Sufficient funds are available in the Airport Fund Working Capital.

Prepared by:	Carl Carey, General Services Director
Certified as to	
Availability of funds:	Edward Enriquez, Chief Financial Officer/Treasurer
Approved by:	Kris Martinez, Interim Assistant City Manager
Approved as to form:	Phaedra Norton, City Attorney