



# NEWPORT BEACH

## City Council Staff Report

March 26, 2024  
Agenda Item No. 4

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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**TITLE:** Underground Utility Assessment District No. 111, Underground Utilities District No. 22 Phase 2 & 3, & Utility Undergrounding for McFadden Alleys and Court Street – Notice of Completion for Contract No. 7833-1 (21A11)

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### **ABSTRACT:**

On August 25, 2020, the City Council awarded Contract No. 7833-1 for the Underground Utility Assessment District No. 111, Underground Utilities District No. 22 Phase 2 & 3, & Utility Undergrounding for McFadden Alleys and Court Street project to Asplundh Construction Corp. The project replaced existing overhead utilities with a new underground system. The work is now complete and staff requests City Council acceptance and close out of the contract. In addition, this Council action reconciles revenue and expenditures for additional requested work by Verizon and Crown Castle.

### **RECOMMENDATIONS:**

- a) Accept the completed work and authorize the City Clerk to file a Notice of Completion for the project;
- b) Authorize the City Clerk to release the Labor and Materials Bond 65 days after the Notice of Completion has been recorded in accordance with applicable portions of Civil Code;
- c) Release Faithful Performance Bond one year after acceptance by the City Council;
- d) Authorize staff to proceed with the final Verizon additional work and increase project contingency from \$3,500,000 to \$3,595,003 (approximately 51.6 percent of the contract award) to cover the additional cost of the requested additional work; and
- e) Approve Budget Amendment No. 24-058 recognizing \$31,872.75 in contribution revenue from Crown Castle to Account No. 13501-561007-21A11 and \$159,250.85 in increased expenditures in Account No. 13501-980000-21A11 (UUD22-1 CIP Expenditures for GL) from multiple utility companies.

**DISCUSSION:**

**Overall Contract Cost/Time Summary**

Awarded Contract Amount	Final Cost at Completion	Contingency Allowance	Actual Contract Change	% Due to Directed Change	% Due to Unforeseen Change
\$6,969,777.79	\$10,564,781.14	10% or less	+51.6%	+49.4%	+2.2%
Allowed Contract Time + Approved Extensions (days) =		220	Actual Time Under (-) or Over (+)		0

The Underground Utility Assessment District No. 111 (AD 111), Underground Utilities District No. 22 Phase 2 & 3 (UUD22), & Utility Undergrounding for McFadden Alleys and Court Street project is the third City of Newport Beach managed and constructed utility undergrounding project that undergrounded overhead power, telephone and cable facilities on the Balboa Peninsula. AD 111 is the area between 31<sup>st</sup> Street and 23<sup>rd</sup> Street, on the east and west side of Balboa Boulevard. UUD22 Phase 2 & 3 is the Balboa Boulevard area between 36<sup>th</sup> Street and 20<sup>th</sup> Street including portions of the McFadden Alleys and Court Street (Attachment A).

The contract specifically provided for traffic control, water pollution control, trenching, construction of vaults, vents, pull boxes, handholes, installing conduit, and associated items necessary such as backfilling, pavement restoration, resurfacing and replacement of concrete improvements for the conversion of existing overhead electrical power, telephone and cable television services to underground locations.

The project included the partners of Southern California Edison (SCE), AT&T, Spectrum, Crown Castle, ExteNet Systems and MCI Business for the UUD22 Phase 2 and 3 work on Balboa Boulevard. During construction, ExteNet Systems requested additional work, which it funded. Change orders for the base contract work were minimal and this extra work was absorbed within the City Council authorized 10% contingency.

On February 13, 2018, the City Council approved the “Enhanced Services and Priority Communications Zone Master License Agreement” with Verizon Wireless. In June 2021, ExteNet Systems and MCI Business (both Verizon Subsidiaries) requested additional work to continue their efforts on the Balboa Peninsula for the small cell system and backbone fiber optics network that these two companies were completing as part of their Master License Agreement. In an effort to reduce staff permitting and review efforts, and to better coordinate with other UUD22 project work in the area, additional ExteNet and MCI Business funded improvements were authorized (October 14, 2021) and installed (between 12<sup>th</sup> Street and Medina Way), increasing the total contract cost to \$8,698,386.99 (or 24.8 percent above base).

In 2022, these two companies requested additional work extending their systems to complete their fiber optics networks on the peninsula to Peninsula Point. On December 13, 2022, the City Council authorized increasing the contingency to \$3,500,000 (approximately 50 percent of the contract award) to cover the costs of the additional work that included power upgrades to several micro cell towers already installed and operational.

Although there were minimal issues during construction, the project proved to be challenging due to the amount of work, and coordination needed between contractors, utility companies, City staff, and other City projects along Balboa Boulevard. Some of the issues involved water main breaks and service leaks, trench excavation, and additional paving efforts for Balboa Boulevard.

The contracted work has now been completed to the satisfaction of the Public Works Department. A summary of the construction cost is as follows:

Original bid amount:	\$6,969,777.79
Actual Cost of Bid Items Constructed:	\$6,747,132.31
Total Change Orders:	\$3,817,648.83
<b>Final Contract Cost:</b>	<b>\$10,564,781.14</b>

Seventeen change orders totaling \$3,817,648.83 in increased contract costs and approximately \$222,000 in base contract savings were approved as part of the project. The change orders addressed costs for the abovementioned work including costs for median restoration, concrete replacement, street light improvements at Balboa Pier, bike racks, benches, irrigation improvements, and deep-lift pavement repairs.

With the completion of the project, staff is requesting a budget amendment appropriating \$159,250.85 to cover final costs (change orders 15 through 17) related to the additional work on the peninsula that has been paid for in advance by Verizon. With this authorization, the final contract cost is \$10,564,781.14, approximately 51.6 percent above the original bid amount.

A summary of the project schedule is as follows:

Estimated Start of Construction per Annual Baseline Schedule	September 14, 2020
Actual Start of Construction Per Notice to Proceed	September 11, 2020
Extended Contract Completion Date Inclusive of Extra Work	December 1, 2023
Actual Substantial Construction Completion Date	October 1, 2021

The project was substantially completed to the satisfaction of the Public Works Department by October 1, 2021, but additional work for Verizon’s small cell system and fiber optic network (UUD22 Phase 4 & 5) extended the contract completion date to December 1, 2023. The remaining change order work requested by Verizon will not be completed unless authorized by City Council and the contingency increased as noted above.

**FISCAL IMPACT:**

Upon approval of the proposed budget amendment, sufficient funding will be available for the closeout of this contract. Funding for the additional \$159,250.85 was provided by Verizon and does not add financial burden to the resident driven undergrounding project. A significant portion of the increased expenditures for the overall project, approximately \$2.9 million, was provided by ExteNet Systems and MCI Business (both Verizon subsidiaries) and did not require any additional assessment district funding. The following funds were expensed:

<u>Account Description</u>	<u>Account Number</u>	<u>Amount</u>
AD111 Utility Construction	66002-941032	\$2,347,855.09
UUD22-1 CIP Expenditures for GL	13501-980000-21A11	\$8,198,960.85
General Fund	0108012-851010	<u>\$17,965.20</u>
	<b>Total:</b>	<b>\$10,564,781.14</b>

**ENVIRONMENTAL REVIEW:**

On August 25, 2020, the City Council found this project exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15302(d) (conversion of overhead electrical utility distribution lines where the surface is restored to the condition existing prior to the undergrounding) of the CEQA Guidelines, California Code Regulations, Title 1, Chapter 3, because it will not have an adverse effect on the environment.

**NOTICING:**

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

**ATTACHMENTS:**

- Attachment A – Location Map
- Attachment B – Budget Amendment