



City of Portola

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M E M O
June 20, 2023

TO: Portola City Council and
Jon Kennedy, City Manager

FROM: Daniel B. Bastian, City Engineer

RE: **CONTRACT 22- PORTOLA STIP – NORTH LOOP PHASE I
Change Order 23-01**

Attached is subject Change Order 23-01 which relates to a “Value Engineering Cost Proposal” (VECP) 002 by Q&D Construction.

This Change Order is present to you as a formality. Joy Way was pulverized on June 15, 2023, in accordance with VECP 002. Therefore, part of the VECP 002 work has already been performed. One of the challenges with construction work is trying to keep the work progressing and this Change Order required my approval before City Council action could be obtained. I discussed the general nature of this Change Order with Jon before the work was done and considering the reduction in project cost, Jon’s comments to me and the Caltrans District 2 approval (noted in the Discussion and recommendation below), I verbally authorized the VECP 002 work on or about June 14, 2023.

BACKGROUND

The contractor has proposed a change to the construction plans that would result in a decrease of the total project cost of \$129,715.60.

The proposed change essentially pulverizes the existing Joy Way pavement and mixes that pulverized asphalt cement in with the underlying aggregate base and subbase in lieu of the adopted construction plan which was removal of 14” of the existing road prism and replacing the removed material with 10” of aggregate base along with a subgrade enhancement fabric. The 4” of Hot Mix Asphalt to-be-placed on top of the prepared base remains the same.

Near the end of the project, VECP 002 indicates that Portland cement will be added to 10” inches of the water conditioned mixed material resulting in a base which is 3% cement (which is referred to as “Cement Treated Base” (CTB)).

DISCUSSION AND RECOMMENDATION

I discussed VECP 002 with the Plumas County Engineer and Caltrans District 2. My

understanding is that the proposed CTB is commonly used and has a comparable useful life to what was designed for this project. Beyond the cost savings, a significant value to the VECP 002, in my opinion, is that it will reduce the damage to the neighborhood roads that would be used to off haul the unclassified road prism material and on haul the 10" of class 2 aggregate base. Damage to our fragile roads was a significant issue for the A15 projects and will be avoided with VECP 002.

The contract specifications (i.e., Caltrans Standard Specifications 2018) require that the cost savings for VECP be shared with the contractor. For a net credit of \$129,715.60, Q&D Construction LLC would receive 50% of the savings, or \$64,857.80 (per STD Specification 4-1.07B – "Obligates the Department to pay you 50 percent of the estimated net savings"). The other 50% would be a decrease in the project construction cost, or \$64,857.80 in this case. Change Order 23-01 has been prepared to reflect these shared savings.

On May 17, 2023, I had an email discussion with Caltrans District 2 on the VECP 002 with Nicole Fortner. Her last email comments to me are noted below:

Good Afternoon Dan,

While we do typically review Contract Change Orders on Federally funded projects to insure eligibility for reimbursement, that is not a requirement for State-Only Funded projects. With that being said, some agencies prefer to have Caltrans review it for eligibility just to make sure they are covered should an audit of the project happen, to reduce the risk of needing to pay back funds that may be deemed ineligible under the particular funding.

In regards to the scope you have mentioned below, I do not see any issues with the work being eligible for reimbursement under the project funding. Usually with a change in road construction method, the questions typically reviewed are:

Does it confirm to design standards (Caltrans, AASHTO, etc.)?

Does it hold up to the project lifetime originally programmed?

Are there any unforeseen issues that may come up from using the newly proposed method (some designs don't hold up as well in some climates)?

Given that your proposed VECP doesn't raise any concerns to the above questions, I would say the City is safe to proceed with approving the VECP and issuing the CCO to the Contractor for the work. [emphasis added]

Feel free to include a copy of this email in your project files along with the VECP and CCO for audit purposes.

Let me know if you have any further questions.

*Nicole D. Fortner, PE
Acting DLAE/Office Chief
Local Assistance Program Manager
Office of Local Assistance
Caltrans, District 2"*

I recommend that the City Council approve Change Order 23-01 and authorize the Mayor to execute the attached form.