

## INFORMATIONAL REPORT

(This item is for information only and no action is requested or required of the Board of Port Commissioners.)

### ANNUAL REPORT

**REPORT:** Annual Change Order Report on Construction Contracts Substantially Completed during FY 18/19. **(Engineering)**

**MEETING DATE :** 12/12/2019

**SUBMITTED BY :** Robert Andrews,  
Interim Director of Engineering/Chief Engineer

**APPROVED BY :** Danny Wan, Executive Director

### SUMMARY

Provided below is a summary of the change orders for projects substantially completed during FY 18/19. More detailed information is provided as Attachment A.

Listed below are the fourteen (14) contracts substantially completed during FY 18/19:

Contractor	Project Name	Original Contract Amount	Total Change Order Amount	Change Order %
O.C. Jones & Sons, Inc.	Embarcadero Road Rehabilitation	\$ 866,100.00	\$ -136,631.83	-15.78%
O.C. Jones & Sons, Inc.	Roundhouse Pavement Reconstruction, FY 18	\$ 673,034.50	\$ -39,726.28	-5.90%
SilMan Venture Corporation, dba SilMan Construction	Terminal 1 Electric Ground Service Equipment Charging Stations, OIA	\$ 2,834,793.09	\$ -11,905.75	-0.42%
Oliver DeSilva, Inc., dba Gallagher & Burk, Inc.	Berths 35-36 Pavement Replacement	\$ 379,355.00	\$ 0.00	0.00%
Vortex Marine Construction, Inc.	Replacement of Fender Systems at Berth 25, Outer Harbor	\$ 387,200.00	\$ 0.00	0.00%
VSS International, Inc.	Middle Harbor Road Pavement Improvements (Slurry Seal)	\$ 281,120.00	\$ 0.00	0.00%
Oliver DeSilva, Inc., dba Gallagher & Burk, Inc.	Rail Infrastructure at the Maritime Support Center (MSC)	\$ 10,987,390.00	\$ 259,162.61	2.36%

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Contractor	Project Name	Original Contract Amount	Total Change Order Amount	Change Order %
Rosenbauer Minnesota	Procurement of Aircraft Rescue Fire Fighting (ARFF) Vehicles #2 and #4, OIA	\$ 1,390,669.48	\$ 35,210.00	2.53%
DeSilva Gates Construction, LP	Runway 12-30 Rehabilitation, South Field, OIA	\$ 47,555,230.00	\$ 1,337,111.75	2.81%
Oliver DeSilva, Inc., dba Gallagher & Burk, Inc.	Howard Terminal Pavement Repair, FY 18	\$ 557,965.00	\$ 31,315.12	5.61%
ShibataFender Team Americas, Inc.	Procurement of Fenders for Berth 26	\$ 136,480.00	\$ 16,500.00	12.09%
Oliver DeSilva, Inc., dba Gallagher & Burk, Inc.	Construction of OAK Rental Car Center Site Improvements, OIA	\$ 4,579,847.00	\$ 1,097,646.25	23.97%
Texas Marine & Fender, LLC.	Procurement of Bollards for Berths 25 and 26	\$ 74,949.99	\$ 23,992.00	32.01%
California Engineering Contractors, Inc.	Retrofit of Bollards and Fenders at Berths 25 and 26 Outer Harbor	\$ 394,400.00	\$ 376,252.67	95.40%

The Port typically budgets approximately 15% to 20% of the bid as a contingency for change orders; which is considered an industry standard. This may vary depending on the size, complexity and any uncertainty of the projects, but is a good metric for overall performance of a project.

There are nine (9) categories of Construction Change Orders utilized at the Port (Attachment B). Most result in additional cost to the project, but Administrative Change Orders and Value Engineering Change Orders can result in a reduction in project cost. Value Engineering Change Orders define changes that reduce costs, but still meet the project scope and objectives. These are not typical. Administrative Change Orders include a final accounting of bid quantities constructed and may result in a reduction of contract price when the installed quantities are less than the estimated quantities included in the Bid. Three of the 14 projects included in this report experienced a net reduction in contract price due to this final accounting.

Eleven of the 14 projects included here reported Change Orders less than 15% of bid price range. One of these resulted in change orders of 12.09% of bid price and the remaining 10 were 5.61% or less. Three projects experienced Change Orders that exceeded 15%. Two were related to bollards procured and retrofitted at Berths 25 and 26 in the Outer Harbor. The third was the demolition of building D831 and the resulting redevelopment of the Rental Car Center (RAC) at the Oakland International Airport.

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The Berth 25 and 26 bollard and fender retrofit project was performed in accordance with the First Supplemental Non-Exclusive Preferential Assignment Agreement (NEPAA) with TraPac, LLC (TraPac) that was executed on October 13, 2017. That NEPAA committed the Port to retrofitting the bollards and fenders at Berths 25 and 26 within eight (8) months. This timing did not allow enough time to design, procure and install the bollards and fenders. As a result, the recommended strategy was to break the work into multiple contracts; including separate procurement contracts and installation contracts. The design schedule did not allow sufficient time to complete a thorough field investigation and so the Port took on the risk of encountering unforeseen conditions in exchange for expediting the schedule. Design was still ongoing when the procurement contracts were awarded. As design progressed, the need to purchase additional bollards and fenders was identified resulting in change orders to purchase the necessary bollards and fenders. In addition, a number of unforeseen field conditions were encountered that led to additional costs. This project met the schedule needs of TraPac.

The RAC project experienced a larger than normal number of change orders for a variety of reasons as outlined in a request to the Board for additional budget, made on April 12, 2018. The two primary drivers of the cost overrun were operator-requested changes that were made after the project was under construction, and unforeseen soil and utility issues that were encountered during construction. As noted in the April Agenda Report, staff have implemented process changes to anticipate these types of unforeseen conditions that are not atypical for the North Field where this work occurred. In addition, Engineering also better quantifies the risks and costs of accommodating design changes after a project has already been awarded.