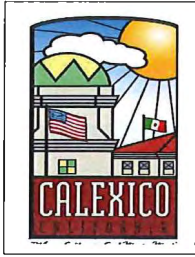


**AGENDA  
ITEM**

**15**



# AGENDA STAFF REPORT

**DATE:** September 14, 2022

**TO:** Mayor and City Council

**APPROVED BY:** Esperanza Colio Warren, City Manager *Esperanza Colio Warren*

**PREPARED BY:** Lilliana Falomir, Public Works Manager – Administrative *Lilliana Falomir*

**SUBJECT:** Authorize City Manager to Sign Change Order No. 3 with Pyramid Construction & Aggregates, Inc. in the Amount of \$133,213.61 for Calexico International Airport Taxiway A Rehabilitation FAA AIP No. 3-06-0034-018-2020; 3-06-0034-021-2021.

=====

**Recommendation:**

Authorize City Manager to Sign Change Order No. 3 with Pyramid Construction & Aggregates, Inc. in the amount of \$133,213.61 for Calexico International Airport Taxiway A Rehabilitation FAA AIP No. 3-06-0034-018-2020; 3-06-0034-021-2021.

**Background:**

On September 20, 2021, the City of Calexico Public Works Department requested bids for the Calexico International Airport Taxiway A Rehabilitation FAA AIP No. 3-06-0034-018-2020; 3-06-0034-021-2021. The project consists of reconstructing the pavement of the full length parallel taxiway and adjacent interfacing pavement areas with a completely new asphalt concrete pavement section, and other incidental improvements such as shoulder and infield grading, installation of drainage improvements, airfield lights and sign relocations, adjustment to grade, pavement markings, perimeter fence relocation, and other miscellaneous items.

On November 3, 2021, the City Council of the City of Calexico awarded a construction contract to Pyramid Construction & Aggregates, Inc. for the above-mentioned project in the amount of \$3,129,808.71 plus 15% contingency (\$469,471.31). On June 15, 2022, the City Council authorized Change Order No. 1 with Pyramid Construction & Aggregates, Inc. in the amount of \$74,617.00.

**Discussion & Analysis:**

Pyramid Construction and Aggregates, Inc. is requesting additional

<b>AGENDA ITEM</b>
<hr/>

compensation due to events that occurred that are out of their control since they bid the project in October 2021 and were allowed to begin construction in April 2022. These events were (1) oil price escalation and (2) bridge closure on Dogwood Road and Second Street (Anza Road):

#	Description	Change Order Amount
1	Oil price escalation and bridge closures impact on aggregate base course	\$15,100.80
2	Oil price escalation and bridge closures impact on asphalt surface course	\$116,950.49
3	Oil price escalation and bridge closures impact on temporary fuel truck access road	\$1,162.32

Public Work staff is requesting that the City Council of the City of Calexico approve the above-mentioned items. With Change Order No. 3 the new contract amount will be \$3,484,320.62.

**Fiscal Impact:**

Capital Improvement Program Budgeted Item for FY 2022-2023	
Federal Grant – Federal Aviation Administration Fund No. 525-90-983-56003-000	\$133,213.61
Total	\$133,213.61

**Coordinated With:**

City Manager’s Office.  
Public Works Department.

**Attachment(s):**

1. Taxiway A Rehabilitation Project Summary.
2. Pyramid Construction & Aggregates, Inc. Change Order No. 3.
3. Memo from AE Consulting, Inc. dated June 17, 2022.

ATTACHMENT #1

**CITY OF CALEXICO  
PUBLIC WORKS DEPARTMENT  
CALEXICO INTERNATIONAL AIRPORT  
TAXIWAY A REHABILITATION PROJECT**

**REVENUE ( 100 % FEDERAL GRANT)**

AGENCY	DESCRIPTION	AMOUNT
*FAA Grant Office AIP: No.	3-06-0034-018-2020	\$ 1,649,430.00
*FAA Grant Office AIP: No.	3-06-0034-021-2021	\$ 2,563,135.00
		<u>\$ 4,212,565.00</u>

\* In accordance with 49 U.S.C. 47108(b), as amended, the maximum obligation of the United States, as stated in Grant Offer may be increased by not more than 15%

**EXPENDITURE**

VENDOR	DESCRIPTION	AMOUNT
City of Calexico	Administrative Fees	\$ 5,000.00
AE Consulting, Inc.	Construction Management	\$ 368,635.00
Pyramid Construction and Aggregates, Inc.	Construction Services	\$ 3,129,808.71
Pyramid Construction and Aggregates, Inc.	Change Order No. 1	\$ 74,617.00
Pyramid Construction and Aggregates, Inc.	Change Order No. 2	\$ 146,681.30
		<u>\$ 3,724,742.01</u>

Remaining Balance of FAA Grants \$ 487,822.99

**TIMELINE**

MILESTONE	DATE
Advertisement	9/20/2021
Bid Opening	10/12/2021
City Council Award Contract	11/3/2021
Pre-Construction Meeting	1/12/2022
Issuance of Notice to Proceed	1/12/2022
Phase I - Submittal and Procurement Process (75 days)	1/12/2022
Phase II - Begin Construction (140 days + 180 days)	4/4/2022
Estimated date of Completion	2/17/2023

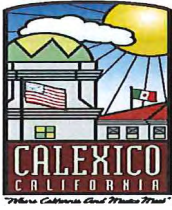
**BRIDGE CLOSURE**

LOCATION	JURISDICTION	DATE
Dogwood Road Bridge	County	01/2022
Second Street Bridge	City	01/2022

ATTACHMENT #2

City of Calexico  
 Calexico International Airport  
 Taxiway A Rehabilitation  
 FAA AIP No. 3-06-0034-018-2020; 3-06-0034-021-2021

Item No.	Spec. Ref	Estimated Quantity	Unit	Description	Original Unit Price	Total	New Proposed Unit Price	Total	Difference (Proposed Change Order)
32	P-208(i)	6,292	CY	Aggregate Base Course	\$ 36.00	\$ 226,512.00	\$ 38.40	\$ 241,612.80	\$ 15,100.80
35	P-401(i)	9,017	Ton	Asphalt Surface Course	\$ 96.96	\$ 874,288.32	\$ 109.93	\$ 991,238.81	\$ 116,950.49
36	P-401(ii)	87	Ton	Temporary Fuel Truck Access Road	\$ 200.00	\$ 17,400.00	\$ 213.36	\$ 18,562.32	\$ 1,162.32
									\$ 133,213.61



**CITY OF CALEXICO  
PUBLIC WORKS DEPARTMENT  
CHANGE ORDER NO. 3**

Name of Project: Taxiway A Rehabilitation  
 FAA AIP No. 3-06-0034-018-2020; 3-06-0034-021-2021  
 Name of Contractor: Pyramid Construction and Aggregate, Inc.  
 Date: 09/14/2022

#	Description	Price Increase	Price Decrease	Time Extension
1	Oil price escalation and bridge closures impact on aggregate base course	\$ 15,100.80		
2	Oil price escalation and bridge closures impact on asphalt surface course	\$ 116,950.49		
3	Oil price escalation and bridge closures impact on temporary fuel truck access road	\$ 1,162.32		
	Sub-Total	\$ 133,213.61	-	
	Total	\$	133,213.61	
	Contract Amount	\$	3,351,107.01	
	Total Contract Amount (Contract + Change Order No. 1, 2 and 3)	\$	3,484,320.62	

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Esperanza Colio Warren, City Manager  
 City of Calexico, 608 Heber Avenue, Calexico, California

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Peter Bonello, Principal Civil Engineer  
 AE Consulting, Inc., 143 Yorba Street, Tustin, California

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Archie Abeyta, Project Manager  
 Pyramid Construction and Aggregates, Inc., 839 Dogwood Road, Heber, California



ATTACHMENT #3



**PROJECT:** CALEXICO INTERNATIONAL AIRPORT TAXIWAY A REHABILITATION

**SUBJECT:** PYRAMID’S CLAIM FOR OIL PRICE ESCALATIONS AND BRIDGE CLOSURES

**TO:** LILLIANA “LILY” FALOMIR, PUBLIC WORKS MANAGER - ADMINISTRATIVE

**COMPANY:** CITY OF CALEXICO

**DATE:** June 17, 2022

Attached please find a letter and back up documentation from Pyramid Construction and Aggregates, Inc., requesting additional compensation due to events that occurred that are out of their control since they bid the project in October 2021 and were allowed to begin construction in April 2022. These events were (1) Oil Price escalation and (2) Bridge Closures.

For the first event Pyramid is claiming increased cost for the Asphalt Concrete material. This material is included under two bid items that were in the Bid Schedule as follows:

Item No.	Spec. Ref.	Estimated Quantity	Unit	Description	Unit Price	Total
35	P-401 (i)	9,017	Ton	Asphalt Surface Course	\$96.96	\$874,288.32
36	P-401 (ii)	87	Ton	Temporary Fuel Truck Access Road	\$200.00	\$17,400.00

The cost of liquid asphalt to Pyramid increased from \$505/ton to \$700/ton making the price difference \$195/ton. The Asphalt Surface Course includes 5.8% liquid asphalt while the Temporary Fuel Truck Access Road included 6% liquid asphalt. The percentage of liquid asphalt content multiplied by the price difference equates to the unit price difference for each bid item thus affected, so that:

Item 35:  $0.058 \times \$195/\text{ton} = \$11.31/\text{ton}$   
 Item 36:  $0.060 \times \$195/\text{ton} = \$11.70/\text{ton}$

Pyramid’s trucking cost is \$125/hr. For asphalt concrete where a truckload consists of 25 tons this translates to \$5/hr/ton. The additional 20 minutes per trip, as explained in Pyramid’s letter, increases the cost per ton by 33% or \$1.66/ton.

The bridge closures likewise affected the trucking of aggregate base from Pyramid’s yard to the Airport which is covered under Bid Item 32 as indicated below:

Item No.	Spec. Ref.	Estimated Quantity	Unit	Description	Unit Price	Total
32	P-208 (i)	6,292	CY	Aggregate Base Course	\$36.00	\$226,512.00

For aggregate base where a truckload consists of 17 CY the trucking cost of \$125/hr per load translates to \$7.35/hr/CY. The additional 20 minutes per trip, as explained in Pyramid's letter, increases the cost per ton by approximately 33% or \$2.40/CY.

Therefore the total additional cost using the estimated quantities is as follows:

$$\begin{aligned} & (\$11.31 + \$1.66)/\text{ton} \times 9,017 \text{ tons} + (\$11.70 + \$1.66)/\text{ton} \times 87 \text{ tons} + \$2.40/\text{CY} \times 6,292 \text{ CY} \\ & = \$116,950.49 + \$1,162.32 + \$15,100.80 \\ & = \$133,213.61 \end{aligned}$$

AE Consulting has reviewed Pyramid's claim in detail and agrees with the basis of the claim in that the oil price escalation as well as the bridge closures that occurred after they bid the project will result in a significant increase in cost that was out of their control.

It is recommended, therefore, that the City approve the increased unit prices as described above with the total fiscal impact expected to be in the order of \$133,213.61. Note that the actual cost will be based on the actual installed quantities that are within construction tolerances.

AE Consulting, Inc.



Peter D. Bonello, P.E.  
Principal Civil Engineer

Attachment: Pyramid Letter dated June 16, 2022





**PYRAMID  
CONSTRUCTION  
AND AGGREGATES, INC.**

General Engineering Contractor  
State Contractor Lic. No. 866533

June 16, 2022

Attn: Peter Bonello  
A E Consultant Inc

RE: Calexico International Airport  
Taxiway A Rehabilitation  
3-06-0034-018-2020,3-06-0034-  
021-2021

Subject: Oil Price Escalation Detour

Peter,

Pyramid Construction and Aggregates Inc, after bid time, has seen a change in ability to access the project the way we did at bid time. We would like to open the discussion of additional costs bared on the contractor, not due to contractors doing. There are 2 things that glare at us when discussing upcoming costs.

The first is liquid asphalt. Attached is the cost from World Oil from the bid date in October to this month's rate.

October was \$505 per ton

April 2022 is \$700 Per ton

Difference of \$195 per ton

Tons on the project is approx. 9104 tons, oil content for the mix design is 6%,  $9104 \times .06 = 546.24$  liquid tons to the project.

$546.24 \times \$195 \text{ per ton} = \mathbf{\$106,516.80}$

If we apply that to the line items, per ton, that would be \$11.70.

Adjusted price per tons for two line items:

Line item 35

Bid time price	\$96.96 per ton
Adjusted for oil escalation	\$108.66 per ton

Line item 36

Bid Time Price	\$200.00
Adjusted for oil escalation	\$211.70

The second item concerning Pyramid is the emergency bridge closures that were done in the last couple months. Leaving Pyramid's yard at 839 Dogwood Rd in Heber, CA the route has changed significantly. Anza Rd has been closed at the canal West of the project. Dogwood Rd is now closed by Imperial County due to a failed bridge at Dogwood and Willoughby. Both affect deliveries of Aggregate Base and Asphalt. Attached is a map and driving times that add an addition 20 minutes a round to each load of material delivered.

**9,104 tons of asphalt**

Trucking \$125 PH / 25 T = \$5.00 per ton

\$5.00 per ton / 60 = .0833

.0833x20 Min = \$1.66 Per ton

delivered 9,104 X \$1.66 = **\$15,113**

If we apply that to the line items, per ton, that would be \$1.66.

Adjusted price per tons for two line items:

Line item 35

Bid time price	\$96.96 per ton
Adjusted for Detour Issues	\$98.62 per ton

Line item 36

Bid Time Price	\$200.00
Adjusted for Detour Issues	\$201.66

**6292 Aggregate Base Course**

Trucking \$125 PH / 17 CY = \$7.35 per cubic yard

\$7.35 per CY / 60 = .12

.12x20 Min = \$2.40 Cubic Yard

delivered 6292 X \$2.40 = **\$15,101**

If we apply that to the line items, per CY, that would be \$2.40.

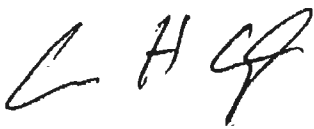
Adjusted price per CY for two line items:

Line item 35

Bid time price	\$36.00 per CY
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Adjusted for Detour Issues	\$38.40 per CY
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Regards,



Archie Abeyta  
Pyramid Construction and Aggregates, Inc.  
Project Manger

# Exhibit A



## WORLD OIL®

WORLD OIL  
CORP 9302  
Garfield Ave, South Gate,  
Ca 90280  
www.worldoilcorp.com

Customer

Effective Date: 4/1/2022

PYRAMID CONSTRUCTION AND AGGREGATES, INC.

### Price

<u>PG 64-10</u>	<u>PG 64-16</u>	<u>PG 58-22</u>	<u>PG 70-10</u>	<u>SC-800</u>
\$700.00	\$700.00	\$700.00	\$700.00	\$805.00
<u>SC-250</u>	<u>SC-3000</u>	<u>SC-70</u>		
\$810.00	\$800.00	\$815.00		

### Notes

- Prices and products subject to change without notice.
- The above prices exclude all applicable taxes.
- Prices FOB Refinery.
- For purchases less than 5 tons, add \$20.00 per ton.
- Overload fee of \$100.00 each occurrence.
- Return handling fee for paving grades \$75.00, other products by quotation.
- Requests for loads greater than 350 degrees require a 12 hour notice.
- Anti-strip additive is \$15.00 per ¼ % per ton.
- This price list supersedes all previous price lists.

### Contacts

Matthew Pakkala  
COO / CFO  
Office: 562-928-7000  
Cell: 818-723-6288  
Email: mpakkala@worldoilcorp.com

David Mora  
Director of Marketing, Logistics and Special Projects  
Office: 562-928-7000  
Cell: 562-833-6308  
Email: dmora@worldoilcorp.com



# WORLD OIL®

WORLD OIL CORP  
9302 Garfield Ave, South  
Gate, Ca 90280  
www.worldoilcorp.com

## Customer

PYRAMID CONSTRUCTION AND AGGREGATES, INC.

Effective Date: 10/1/2021

## Price

<u>PG 64-10</u>	<u>PG 64-16</u>	<u>PG 58-22</u>	<u>PG 70-10</u>	<u>SC-800</u>
\$505.00	\$505.00	\$505.00	\$505.00	\$610.00
<u>SC-250</u>	<u>SC-3000</u>	<u>SC-70</u>		
\$615.00	\$605.00	\$620.00		

## Notes

- Prices and products subject to change without notice.
- The above prices exclude all applicable taxes.
- Prices FOB Refinery.
- For purchases less than 5 tons, add \$20.00 per ton.
- Overload fee of \$100.00 each occurrence.
- Return handing fee for paving grades \$75.00, other products by quotation.
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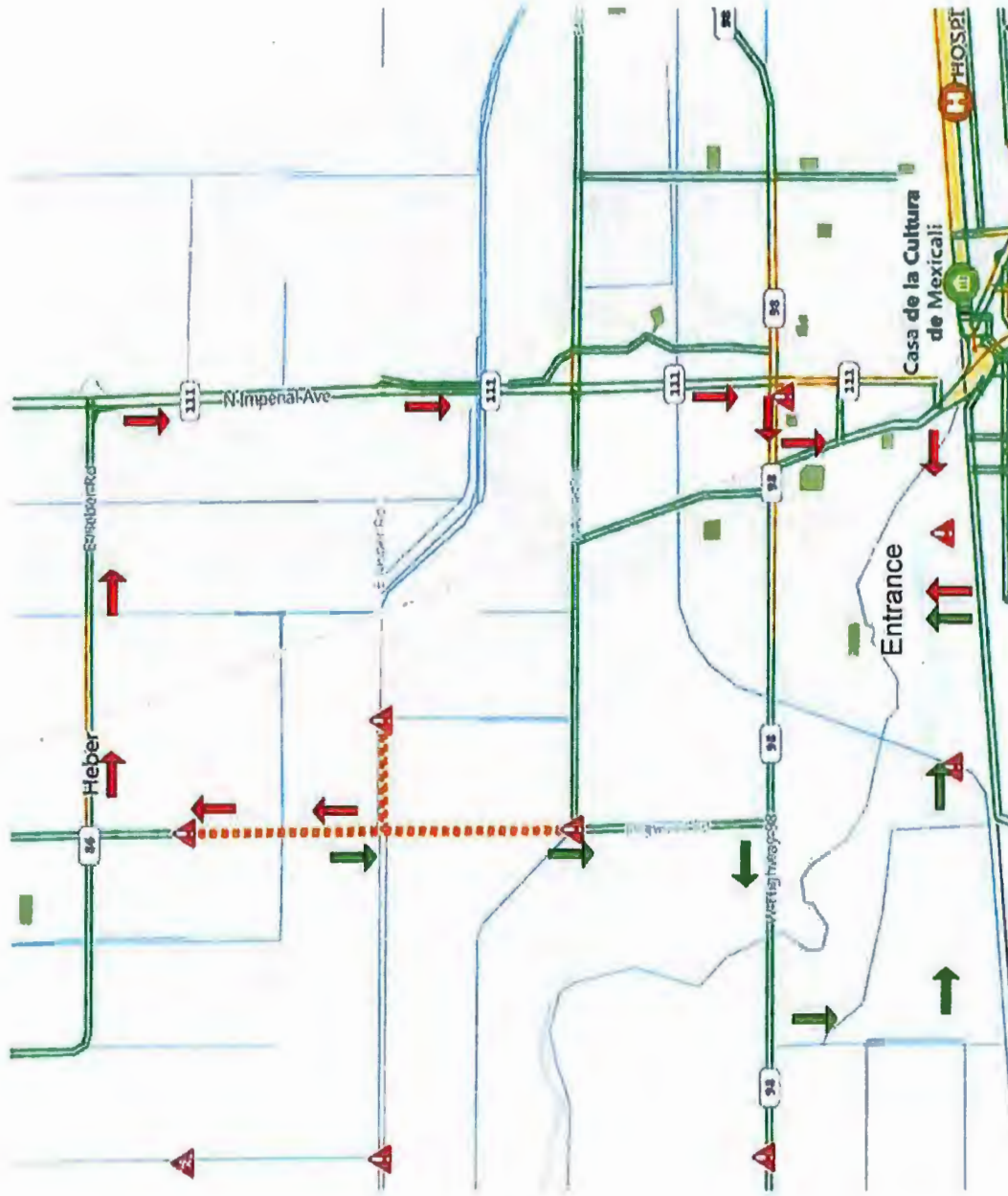
## Contacts

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Email: mpakkala@worldoilcorp.com

David Mora  
Director of Marketing, Logistics and Special Projects  
Office: 562-928-7000  
Cell: 562-833-6308  
Email: dmora@worldoilcorp.com



# EXHIBIT D



6.75 miles  
1 stop light  
1 stop sign

10 Minute drive  
10 Minute Return  
10 Minute Load/Dump

9 miles  
6 stop light  
1 stop sign

20 Minute Drive  
20 Minute Return  
10 Minute Load/Dump

10,000 tons of base  
9,104 tons of asphalt

Trucking \$125 PH / 25 T = \$5.00 per ton

\$5.00 per ton / 60 = .0833  
.0833x20 Min = 1.66 Per ton delivered

19,104 X \$1.66 = \$31,712.64



### 3-904B Payment Adjustments for Price Index Fluctuations

Section 9-1.07, "Payment Adjustments for Price Index Fluctuations," of the *Standard Specifications* specifies payment adjustments for various bid items that contain paving asphalt. The payment adjustment occurs when the California statewide crude oil price index fluctuation exceeds the threshold as described in the contract specifications. Compensation is adjusted when the paving asphalt price fluctuates from the month of the bid date to the month in which the contract item containing paving asphalt was placed. Refer to the example in Section 5-3, "Change Orders," of this manual.

It is important to make timely payments for price index fluctuations. Increases in the cost of paving asphalt may place financial burdens on contractors and can cause projects to exceed allocated supplemental and contingency funds. The resident engineer is responsible for the following:

- Initiating a change order within 30 days of contract approval.
- Verifying that monthly payment adjustments for paving asphalt are included in monthly estimates when items that contain paving asphalt are used.
- Monitoring monthly expenditures and estimating future months of expenditures of payment adjustments for paving asphalt to avoid exhausting the project supplemental funds and contingency balance.
- Notifying the construction engineer and project manager if you anticipate the project contingency balance will be depleted so that appropriate action can be taken.
- At the time of bid, the contractor has the option to opt out of payment adjustments for price index fluctuations. Form DES-OE-0102.12A, "Opt Out of Payment Adjustments for Price Index Fluctuations," is included in the bid book. To determine if the contractor has opted out, review the bid book for the project. If the opt out form in the bid book is not completed, then all of the requirements apply to the project. The bid book may be viewed at:

[http://ppmoe.dot.ca.gov/des/oe/bidsub/post\\_bid\\_archived.php](http://ppmoe.dot.ca.gov/des/oe/bidsub/post_bid_archived.php)