



Board Agenda Item #	II A- Action Item
Date:	September 12, 2018
To:	MPS Facilities Committee
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead:	Patrick Ontiveros, General Counsel & Director of Facilities
RE:	Project Change Order Requests for MSA 1 New Construction (the “ Project ”)

I. Proposed Board Recommendation(s)

The Facilities Committee recommends the approval of owner change order number 1 (“**OCO 1**”) for the MSA 1’s new construction project for **\$124,557.00**. Primesource Project Management (MSA 1’s construction manager) board report is attached as an exhibit.

II. Background

A. General

Board policy requires that all project change orders be brought to the Board for review and approval. Potential change orders, or in this case Potential change items, are submitted to the Owner’s representative. Some PCIs will result in cost increases, others may not. See Primesource Project Report for more explanation.

MSA 1 is constructing the “**Project**” at 18220 Sherman Way immediately adjacent to its existing building at 18238 Sherman Way – a new school building that will house MSA 1’s high school students when complete. Oltmans Construction Company (“**Oltmans**”) was previously approved by the MPS Board, at the request of Staff, as the general contractor for the Project.

B. Description of Owner Change Order

OCO 1 consists of four (4) “Potential Change Items” or “PCIs”. The PCIs are as follows:

PCI #	Amount	Description
1	\$57,118.00	The lender/bond holder requires payment and performance bonds to cover the entire project cost. The cost of the payment and performance bonds (the “ P&P Bonds ”) was not included in the RFP soliciting bids for the Project because of the possibility that lender/bond holder would not ultimately require the P&P Bonds. This pricing which is less than 1% of the contract value is very competitive in the current environment. Even financially strong contractors are paying up to 2% of contract value for P&P Bonds.



PCI #	Amount	Description
2	\$1,820.00	Additional potholing was necessary to confirm the depth of footings on the existing building, depth of fill and other factors prior to mass excavation of the site. This exploration allowed the project design and construction sequence to be refined. Cost includes material and equipment to excavate potholes for further soils study related to overex requirements and contact layer verification.
3	\$9,552.00	Because a portion of the roof will be a play space, the team determined that it was in the best interest of the Project to make sure that the roof as designed would be weatherproof. While the original design may have been adequate for the short-term, it may not have had the duration that the redesigned roof is now expected to have. For a relatively low cost we have bought assurances that we have a solid weatherproof design for the roof and rooftop play area.
5	\$2,660.00	During mass excavation one large concrete footing and an underground cistern were uncovered and needed to be removed.
8	\$57,312.00	As is standard practice, the general contractor obtains the permits and seeks reimbursement from the owner.
10	\$40,959.00	In order to meet schedule, the Project was bid out before all plan check comments were provided by the City and incorporated by the architect. In addition, the architect drawings omitted the connection between the building fire sprinkler system and the fire main in the street. Bulletins 1 and 2 capture all of these changes required by the City as well as the fire sprinkler connection (approximately \$30,000 of the cost).
14	\$1,640.00	In order to deal with inappropriate after-hours activity (for example, illegal dumping and loitering on the site), MPS directed Oltmans to install and activate flood lights on DWP poles. This has significantly reduced inappropriate after-hours activity on and around the campus.
TOTAL	\$171,061.00	

III. Budget Impacts

There is no impact on the budget previously presented to and approved by the Board at the May 14, 2018 meeting. The previously approved budget and the amounts spent to date and amounts left to pay are as follows:

Budget Summary	Original Budget Amount	Current Budget Amount	Paid to Date	Left to Pay
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Acquisition Cost	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00	\$0.00
Hard Costs	\$8,478,979.00	\$8,356,097.00	\$747,116.00	\$7,608,981.00
Soft Costs	\$975,078.00	\$975,078.00	\$555,985.00	\$419,093.00
Financing Costs	\$55,000.00	\$55,000.00	\$15,000.00	\$40,000.00
Management Costs	\$250,000.00	\$250,000.00	\$243,012.00	\$6,988.00
Subtotal Project Costs	\$10,759,057.00	\$10,636,175.00	\$2,561,113.00	\$8,197,944.00
<i>Budget Contingencies</i>	<i>\$633,528.00</i>	<i>\$719,823.00</i>	<i>\$0.00</i>	<i>\$719,823.00</i>
Total Project Budget	\$11,355,998.00	\$11,355,998.00	\$2,561,113.00	\$8,794,884.00

Note that Paid to Date does not include OCO #1. PCI 001 and 008 are specific line items in the Hard Costs portion of the Project budget. PCI 001 returned \$122,882 to Hard Cost Contingency. After all change order costs are factored in the balance remaining in the contingency will be \$699,779.00.

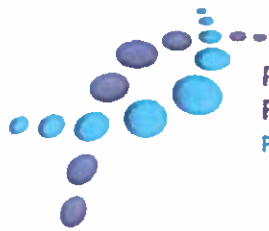
IV. Exhibits (Attachments)

Primesource Board Report, including Change Order Request #1 (PCI 001, 002, 003, 005, 008, 010 and 014)



Exhibit

Primesource Project Management Report Incorporating Oltmans Change Order Request #1



PRIMESOURCE
PROJECT MANAGEMENT
Project Leadership | Project Success

Board Action:
MSA-1 New Classroom Building
Oltmans Construction Co.
Change Order #1

Date: August 30, 2018

Action Requested: Staff requests approval to issue Change Order #1 to Oltmans Construction Company, Inc. in the amount of \$175,007.00 to incorporate Preliminary Change Items (PCI) number 1, 2, 3, 4, 5, 8, 10, and 14. There is no time extension or change to the schedule completion date associated with this change order.

Background – Change Order Process - Because this is the first change order for the MSA-1 New High School construction contract to be submitted to the Board, a description of the process is warranted. Potential Change Items are identified and numbered as soon as they emerge, and their cost tracked. Not all PCIs result in change orders: some anticipated changes will not be implemented, some changes can be resolved without a change in scope or cost, and some PCIs will be determined to be part of the existing scope of work and not entitled to additional compensation. All emerging items are immediately tracked so that their impact can be mitigated and so that change orders are never overlooked. We want to avoid surprises later in the project.

The MSA-1 project contract has incurred relatively few changes. To date. Only 15 PCIs have been issued: 2 were voided, 1 will be assigned to another contract; 4 are in progress and not ready to be finalized, and the remaining 8 are in this change order #1.

Resolution of any PCI requires the following process:

- Determine whether the change is within the current contract scope or subcontractor scope and entitled to additional compensation
- Clearly identify the physical items and quantities changed
- Clearly identify any changes to the work sequence or efficiency
- Estimate the cost of the change done by the subcontractor or supplier using standard breakdown and details

- For Time & Material items, assemble daily work tickets that track labor and material used for the change and then price according to guidelines in the contract
- Review the submitted pricing to ensure that it is accurate, complete, and fairly priced (costs comparable to bid level pricing)
- Assess schedule impacts, work around to minimize delay, determine net delay to the project or portion of the project – offset by time savings created by the Owner
- Negotiate to reduce cost or schedule impacts

Formal PCI pricing packages are then prepared by Oltmans and submitted to PrimeSource for review and negotiation. Attached to this report are the summary sheets for the PCIs in this change order. (The full package for these PCIs including backup contains +150 pages of detailed information and is not included.) All PCIs in this change order have gone through this process.

Explanation of Change Order Scope - The following explanations apply to the PCIs in Change Order #1:

PCI#1 – Contract Bond – As explained to the Board at the time of award, the contract was awarded to Oltmans without requiring a 100% payment and performance bond. Staff used alternate methods of reducing and controlling risk that avoided this expense. Subsequently, the bond agent rejected staff's arguments and required a 100% payment and performance bond. The cost is established by Oltman's bonding company – there is no opportunity to negotiate or to use another bonding company. \$57,118.00

PCI#2 – Potholing Observations – We directed Oltmans to conduct "potholing" of the site to confirm the depth of footings on the existing building, depth of fill and other factors prior to the mass excavation for the site. This allowed us to fine tune the design and construction sequence, improve the excavation permit and get inspectors more comfortable with the project. \$1,820.00

PCI#3 – Roofing consultant – The building has a complicated roofing/waterproofing design due to the rooftop play area. Water leaks are the leading cause of building problems post-construction, especially in this situation. We directed Oltmans to retain a specialty consultant to review the design of the roof and exterior walls specifically to improve constructability and to reduce the risk of future leaks. \$9,552.00



~~PCI#4- Masonry infill at MS Building - When we demolished the gymnasium building, we found old improperly abandoned doorways and mechanical openings in the exterior wall of the MS Building. We directed Oltmans to properly fill these openings to restore the structural integrity and fire rating of the MS Building Wall before these openings were covered by the new HS building exterior wall. \$3,946.00~~

PCI#5 - Unforseen underground obstructions - We found and were required to remove one large concrete footing and an underground concrete cistern during mass excavation. \$2,660.00

PCI#8 - Permits - The cost of permits was specifically excluded from the Oltmans base contract. This is the cost of securing the initial building permits for the excavation, structure, mechanical, electrical and fire systems. \$57,312.00

PCI#10 - Bulletins No. 1 and 2 - The Oltmans contract was negotiated prior to completion of drawing revisions required as part of the City of Los Angeles plan check process. The Franco drawings also did not include the connection between the building fire sprinkler system and the fire main in the street. These bulletins included all changes required by the Building department and to complete the fire sprinkler connection (which is more than \$30,000 of the total cost). \$40,959.00

PCI#14 - Flood Lights - Post-bid we discovered a large volume of inappropriate activity after hours in the alley and around the MSA-1 campus. This is the cost to install and activate flood lights on the DWP poles at the alley to light the entire area after hours. It has significantly reduced the after-hours traffic and issues. \$1,640.00

Total Change Order#1 - ~~\$175,007.00~~ \$171,061.00

Impact on Contingency - The funding for this change order will come from the project construction contingency established at the time the project was approved by the Board in May, 2018. The approved project budget included a project construction contingency budget of \$643,854. There have been no other draws on this fund, and it remains at the balance initially approved by the Board.

Contingency fund - ~~\$643,854.00~~
CO#1 - ~~\$175,997.00~~
Contingency balance - ~~\$467,857.00~~

Total Hard Cost Contingency ("HCC") =	\$633,528.00
Adjustment Due to Lower Than Budgeted P&P	
Bond Costs (Add to HCC) and Budgeted Permit=	plus \$122,882.00
Subtotal HCC =	\$756,410.00
Net Effect of Change Order #1 on HCC=	minus \$56,631.00
Total Balance Remaining HCC =	\$699,779.00





CONSTRUCTION CO.

10005 Mission Hill Road
Whittier, CA 90601
Phone: (562) 948-4242 Fax: (562) 695-9267

OWNER CHANGE ORDER

NO.: 001

TITLE:	PCI No.'s 1, 2, 3, 4, 5, 8, 10, and 14	DATE:	08/08/2018
PROJECT:	Magnolia Science Academy	PROJECT NO.:	18049
TO:	Magnolia Educational and Research Foundation 250 E. 1st St., 1500 Los Angeles, CA	CONTRACT:	18049

We are requesting approval of Owner Change Order #001 which incorporates the following PCIs:

PCI #	Description	Days Impact	Amount
PCI001	Contract Bond		\$ 57,118.00
PCI002	Potholing Observations for Contact Layer Verification		\$ 1,820.00
PCI003	Roofing Consultant		\$ 9,552.00
PCI004	Masonry Infill at (E) Building		\$ 3,946.00
PCI005	Unforeseen Underground Site Conditions		\$ 2,660.00
PCI008	Permits		\$ 57,312.00
PCI010	Bulletin No.'s 1 & 2		\$ 40,959.00
PCI014	Flood Lights		\$ 1,640.00
Total:			\$ 175,007.00 171,061.00

The Original Contract Sum was _____	\$ 7,392,479.00
Net Change by Previously Authorized Requests and Changes _____	\$ 0.00
The Contract Sum Prior to This Change Order was _____	\$ 7,392,479.00
The Contract Sum will be Increased _____	\$ 175,007.00 171,061
The New Contract Sum including This Change Order _____	\$ 7,567,486.00 \$7,563,540.00
The Contract Time Will Not Be Changed	
The Date of Substantial Completion as of This Change Order therefore is _____	04/10/2019

ACCEPTED:

Oltmans Construction Co.

Magnolia Educational and Research Foundation

By: 
Devin Ulibarri, Project Manager

By: _____

Date: 8-28-18

Date: _____



CONSTRUCTION CO.
 10005 Mission Mill Road
 Whittier, CA 90601
 Phone: (562) 948-4242 Fax: (562) 695-9267

POTENTIAL CHANGE ITEM

PCI001

TITLE: Contract Bond
PROJECT: Magnolia Science Academy

DATE: 06/11/2018
PROJECT NO.: 18049

TO:
Magnolia Educational and Research Foundation
 250 E. 1st St., 1500
 Los Angeles, CA

We respectfully request your approval of the following change to the original scope of work:

DESCRIPTION:

This Change Order Request includes costs associated with the performance and payment bonds.

Vendor	Description	Amount
	Contract Bonds	52,812.00
	GL	513.00
	Bond	432.00
	SDI	661.00
	Fee	2,700.00
SUBTOTAL:		57,118.00
TOTAL COST FOR THIS CHANGE ORDER REQUEST:		57,118.00

APPROVAL:
 Oltmans Construction Co.

BY: Devin Ulibarri
DATE:

APPROVAL:
 Magnolia Educational and Research

BY:
DATE:



CONSTRUCTION CO.

10005 Mission Mill Road
Whittier, CA 90601
Phone: (562) 948-4242 Fax: (562) 695-9267

POTENTIAL CHANGE ITEM

PCI002

TITLE: Potholing Observations for Contact Layer Verification

DATE: 06/11/2018

PROJECT: Magnolia Science Academy

PROJECT NO.: 18049

TO:

Magnolia Educational and Research Foundation
250 E. 1st St., 1500
Los Angeles, CA

We respectfully request your approval of the following change to the original scope of work:

DESCRIPTION:

This Change Order Request includes costs associated with excavation of five (5) potholes to identify native soils and depths of existing fill, per OAC meeting on 5/21/2018 and attached soils field observation report.

Vendor	Description	Amount
Garrett J. Gentry General Engineering	Material and equipment to excavate potholes for further soils study related to overex requirements and contact layer verification. (GJG #20180267)	1,681.00
	SUBTOTAL:	1,681.00
	GL	17.00
	SDI	22.00
	Bond	14.00
	Fee	86.00
	SUBTOTAL:	139.00
TOTAL COST FOR THIS CHANGE ORDER REQUEST:		1,820.00

APPROVAL:

Oltmans Construction Co.

BY: Devin Ulibarri

DATE:

APPROVAL:

Magnolia Educational and Research

BY:

DATE:



CONSTRUCTION CO.
 10005 Mission Mill Road
 Whittier, CA 90601
 Phone: (562) 948-4242 Fax: (562) 695-9267

POTENTIAL CHANGE ITEM
PCI003

TITLE: Roofing Consultant **DATE:** 06/11/2018
PROJECT: Magnolia Science Academy **PROJECT NO.:** 18049
TO:
Magnolia Educational and Research Foundation
 250 E. 1st St., 1500
 Los Angeles, CA

We respectfully request your approval of the following change to the original scope of work:

DESCRIPTION:

This Change Order Request includes costs associated with roofing consultant's review of rooftop assembly.

Vendor	Description	Amount
Architectural Testing, Inc.	Review current roof design and provide waterproofing recommendations and/or design assist options. (Intertek Quote No. 202724R0)	7,680.00
Architectural Testing, Inc.	Allowance for additional site visit from roofing consultant.	1,150.00
	SUBTOTAL:	8,830.00
	GL	86.00
	SDI	111.00
	Bond	73.00
	Fee	452.00
	SUBTOTAL:	722.00
TOTAL COST FOR THIS CHANGE ORDER REQUEST:		9,552.00

APPROVAL:
 Oltmans Construction Co.

BY: Devin Ulibarri
DATE:

APPROVAL:
 Magnolia Educational and Research

BY:
DATE:



CONSTRUCTION CO.
 10005 Mission Mill Road
 Whittier, CA 90601
 Phone: (562) 948-4242 Fax: (562) 695-9267

**POTENTIAL CHANGE ITEM
 PCI004**

TITLE: Masonry Infill at (E) Building

DATE: 06/18/2018

PROJECT: Magnolia Science Academy

PROJECT NO.: 18049

TO:

Magnolia Educational and Research Foundation
 250 E. 1st St., 1500
 Los Angeles, CA

We respectfully request your approval of the following change to the original scope of work:

DESCRIPTION:

This Change Order Request includes costs associated with infill at existing building.

Vendor	Description	Amount
Majestic Masonry	Masonry Infill at Existing Building	3,107.00
	SUBTOTAL:	3,107.00
	(OCCO JWO #001)	540.00
	GL	36.00
	SDI	46.00
	Bond	30.00
	Fee	187.00
	SUBTOTAL:	839.00
TOTAL COST FOR THIS CHANGE ORDER REQUEST:		3,946.00

APPROVAL:
 Oltmans Construction Co.

BY: Devin Ulibarri

DATE:

APPROVAL:
 Magnolia Educational and Research

BY:

DATE:



Oltmans
CONSTRUCTION CO.
 10005 Mission Mill Road
 Whittier, CA 90601
 Phone: (562) 948-4242 Fax: (562) 695-9267

POTENTIAL CHANGE ITEM
PCI005

TITLE: Unforeseen Underground Site Conditions **DATE:** 06/18/2018
PROJECT: Magnolia Science Academy **PROJECT NO.:** 18049
TO:
Magnolia Educational and Research Foundation
 250 E. 1st St., 1500
 Los Angeles, CA

We respectfully request your approval of the following change to the original scope of work:

DESCRIPTION:

This Change Order Request includes costs associated with the following unforeseen underground site conditions:

- 1) Break and haul-off two (2) septic tanks recently discovered during slot cut excavation. This required several hours to dig with backhoe, loader to transport to bin, additional soils for fill, and dump fees. Refer to attached Soils Observation Report and photos.
- 2) Break and haul-off existing 8'x8'x14" pad footing discovered during over-ex and compaction. This required a chipping hammer to break down, loader to transport to bin, and dump fees. Refer to attached photo.

Vendor	Description	Amount
Garrett J. Gentry General Engineering	Break and haul-off two (2) septic tanks	1,466.00
	SUBTOTAL:	1,466.00
	Break and haul-off existing 8'x8'x14" pad footing (OCCO JWO #2)	992.00
	GL	24.00
	SDI	31.00
	Bond	21.00
	Fee	126.00
	SUBTOTAL:	1,194.00
TOTAL COST FOR THIS CHANGE ORDER REQUEST:		2,660.00

APPROVAL:
 Oltmans Construction Co.

BY: Devin Ulibarri

DATE:

APPROVAL:
 Magnolia Educational and Research

BY:

DATE:



CONSTRUCTION CO.

10005 Mission Mill Road
Whittier, CA 90601
Phone: (562) 948-4242 Fax: (562) 695-9267

POTENTIAL CHANGE ITEM

PCI008

TITLE: Permits **DATE:** 06/18/2018

PROJECT: Magnolia Science Academy **PROJECT NO.:** 18049

TO: Tim Buresch
Magnolia Educational and Research Foundation
250 E. 1st St., 1500
Los Angeles, CA

We respectfully request your approval of the following change to the original scope of work:

DESCRIPTION:

This Change Order Request includes costs associated with project permit fees.

Vendor	Description	Amount
	Building Permit Fees	41,816.00
	Review of Interim Compaction Report	351.00
Christian Bros Mechanical Services	Mechanical Permit Fees	3,595.00
P.V. & C. PLUMBING	Plumbing Permit Fees	2,169.00
SAFEWAY ELECTRIC	Electrical Permit Fees	5,060.00
	SUBTOTAL:	52,991.00
	Bond	434.00
	Fee	2,709.00
	GL	515.00
	SDI	663.00
TOTAL COST FOR THIS CHANGE ORDER REQUEST:		57,312.00

APPROVAL:
Oltmans Construction Co.

BY: Devin Ulibarri

DATE:

APPROVAL:
Magnolia Educational and Research

BY: Tim Buresch

DATE:



CONSTRUCTION CO.
 10005 Mission Mill Road
 Whittier, CA 90601
 Phone: (562) 948-4242 Fax: (562) 695-9267

**POTENTIAL CHANGE ITEM
 PCI010**

TITLE: Bulletin No.'s 1 & 2 **DATE:** 06/19/2018
PROJECT: Magnolia Science Academy **PROJECT NO.:** 18049
TO:
Magnolia Educational and Research Foundation
 250 E. 1st St., 1500
 Los Angeles, CA

We respectfully request your approval of the following change to the original scope of work:

DESCRIPTION:

This Change Order Request includes costs associated with Bulletin No.'s 1 & 2.

These proposals are valid for thirty (30) days.

Excludes:

-Sheet metal, roofing, floor and wall finishes, casework, site concrete, structural concrete, site assemblies and any subcontractor/trade not currently under contract.

Vendor	Description	Amount
A & D Fire Sprinklers, Inc.	Underground Fire Service (A&D July 16, 2018)	30,940.00
KDR Steel Co.	Structural Steel Stair #2 Changes (KDR CO 1R)	2,616.00
OCCO SUBCONTRACTS CONCRETE	Concrete - added pad footing, curb at roof, and column pad (OCCO Concrete 07/05/2018)	7,010.00
Oltmans Drywall/Door	Added Louver Opening (OCCO Wall 4/19/2018)	1,812.00
P.V. & C. PLUMBING	Plumbing (PV&C Proposal Dated August 20, 2018)	8,480.00
SAFEWAY ELECTRIC	Electrical (Safeway RFC No 2)	4,273.00
	SUBTOTAL:	55,131.00
	Reprographics	203.00
	Pervious concrete (Beeson 7/9/18)	11,271.00
	Credit for permeable pavers	-6,977.00
	Lath and Plaster (Perlite Proposal #1)	6,189.00
	Allowance for underground fire service.	-30,940.00
	We have a \$45,000 allowance. We will be using \$30,940 for this scope of work (per sheet U-1), and we'll have a remaining balance of \$14,060.	
	GL	724.00
	SDI	933.00
	Bond	611.00
	Fee	3,814.00
	SUBTOTAL:	-14,172.00
TOTAL COST FOR THIS CHANGE ORDER REQUEST:		40,959.00

APPROVAL:
 Oltmans Construction Co.

BY: Devin Ulibarri

DATE:

APPROVAL:
 Magnolia Educational and Research

BY:

DATE:



CONSTRUCTION CO.
 10005 Mission Mill Road
 Whittier, CA 90601
 Phone: (562) 948-4242 Fax: (562) 695-9267

POTENTIAL CHANGE ITEM
PCI014

TITLE: Flood Lights
PROJECT: Magnolia Science Academy

DATE: 07/24/2018
PROJECT NO.: 18049

TO:
Magnolia Educational and Research Foundation
 250 E. 1st St., 1500
 Los Angeles, CA

We respectfully request your approval of the following change to the original scope of work:

DESCRIPTION:

This Change Order Request includes costs associated with installation of LED flood lights on building and repairing photo cells on (e) DWP lights.

Vendor	Description	Amount
SAFEWAY ELECTRIC	Electrical (Safeway RFC 4)	1,515.00
	SUBTOTAL:	1,515.00
	GL	15.00
	Bond	13.00
	SDI	19.00
	Fee	78.00
	SUBTOTAL:	125.00
TOTAL COST FOR THIS CHANGE ORDER REQUEST:		1,640.00

APPROVAL:
 Oltmans Construction Co.

BY: Devin Ulibarri
DATE:

APPROVAL:
 Magnolia Educational and Research

BY:
DATE: