



STAFF REPORT

DATE: 09/03/2025
TO: Honorable Mayor and City Council Members
FROM: Public Works Department

2025-349

REQUEST FOR CITY COUNCIL ACTION

SUBJECT:

CONTRACT CHANGE ORDER WITH RESOURCE ENVIRONMENTAL, INC. FOR THE REMOVAL OF NEWLY DISCOVERED HAZARDOUS MATERIAL FROM THE OLD PD BUILDING DEMOLITION, CAPITAL IMPROVEMENT PROJECT NO. FC-2023-09

EXECUTIVE SUMMARY:

This staff report requests that the City Council authorize a Contract Change Order for Resource Environmental, Inc., in the amount of \$199,649, to dispose of newly discovered hazardous material not previously identified during pre-construction testing.

RECOMMENDED ACTION:

That the City Council:

- a. Authorize the City Manager, or his designee, to issue a Contract Change Order in the amount of \$199,649 to Resource Environmental, Inc. for the removal of newly discovered hazardous materials during demolition activities.
- b. Authorize the City Manager, or his designee, to execute a Contract Change Order with Resource Environmental, Inc. to increase the contract amount by \$199,649, amending the total contract amount to \$1,813,081.84, including any non-substantive extensions, change orders, purchase orders, and amendments up to \$181,301, which is equivalent to 10% of the revised contract amount.

- c. Authorize a budgetary transfer in the amount of \$200,000 from the Skyline Trail Access Bridge, Capital Improvement Project No. FC-2022-21 to the Old PD Building Demolition, Capital Improvement Project No. FC-2023-09 within the General Fund 110.

BACKGROUND & HISTORY:

On December 4, 2024, the City Council awarded Notice Inviting Bids (NIB) 25-015SB to Resource Environmental, Inc. in the bid amount of \$1,560,680 for the demolition of the Old PD building located at 849 W. Sixth Street. The Capital Improvement Project, FC-2023-09, includes re-routing of existing communications cabling and equipment, demolishing the building, preserving a portion of the parking lot for use by the County of Riverside Courts, providing a continuous sidewalk pathway from City Hall to the front of the Historic Civic Center, and installing irrigation and grass. A Notice to Proceed was subsequently issued to Resource Environmental Inc., and work began at the site on March 4, 2025.

ANALYSIS:

During the development of plans and specifications for the project, a pre-demolition hazardous materials survey was performed on the building based on the building's age to help identify any materials that may need special handling and disposal. During the survey, potential asbestos-containing materials were identified and sampled. Over 108 items were tested for the presence of asbestos. Materials that tested positive and required remediation were identified and included items such as mastic (an adhesive used in flooring and roofing) and roof flashing seal. These items were quantified and identified in the bid documents for prospective bidders to bid on. All identified items were removed via proper protocols prior to the beginning of the demolition process.

Towards the end of the building demolition, while excavating dirt located adjacent to a retaining wall, a black tar substance was revealed on the stucco. The suspect material was tested and found to be positive for asbestos. Although above-ground stucco samples were previously tested and found to be free of asbestos, the tar substance was located below the ground level surface and, therefore, was not tested and identified. This resulted in additional work necessary to contain the material and safely dispose of it. The additional cost is \$199,649, which is over 10% of the original contract amount of \$1,560,680. Per Corona Municipal Code Section 3.08.050 (H), change orders greater than \$100,000 or 10% of the original contract amount for public projects must be approved by the City Council. Staff thoroughly reviewed the City's options for proceeding with the Change Order and believe that separately bidding the change order would provide no competitive advantage and would be futile because of the: (i) substantial delay in completion of the needed change order work to complete the Project, (ii) the need to preserve the original contractor's warranty and performance obligations over all work on the Project, and (iii) avoidance of potential issues associated with coordination and overlapping of physical space, project experience, interrelated nature of work, and proximity to the original scope of work if a second, separate contractor were to be used for the change order work.

Therefore, staff requests approval for the change order to finish demolition activities for the building and move forward with completing the rest of the project scope. The original project was anticipated to be completed by the end of August 2025. Based on the additional work, it is now anticipated that the work will be completed in early November 2025.

FINANCIAL IMPACT:

The project is currently funded by the American Rescue Plan Act (ARPA) Fund 413 and Measure X Fund 120. Additional funding in the amount of \$200,000 is requested to complete the project.

Staff recommends a budgetary transfer from the Skyline Trail Access Bridge Project to Old PD Building Demolition Project within the General Fund 110, as follows:

Project No.	Fund	Current Balance	Transfer Amount	Revised Balance
FC-2023-09 Old PD Building Demolition Project	General Fund 110	\$0.00	\$200,000.00	\$200,000.00
FC-2022-21 Skyline Trail Access Bridge	General Fund 110	\$561,079.39	(\$200,000.00)	\$361,079.39
Total:		\$561,079.39	\$0.00	\$561,079.39

Following approval of this transfer, sufficient funding will remain for the Skyline Trail Access Bridge to continue working on this project.

ENVIRONMENTAL ANALYSIS:

These actions are categorically exempt pursuant to Section 15301 of the Guidelines for the California Environmental Quality Act (CEQA), which states that the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the CEQA determination and is therefore exempt from CEQA. Therefore, no environmental analysis is required, and staff has filed a Notice of Exemption with the County of Riverside.

PREPARED BY: TRACY MARTIN, SENIOR PROJECT MANAGER

REVIEWED BY: SAVAT KHAMPHOU, PUBLIC WORKS DIRECTOR

Attachments:

Exhibit 1 – Change Order