



STAFF REPORT

DATE: 03/04/2026
TO: Honorable Mayor and City Council Members
FROM: Public Works Department

2026-77

REQUEST FOR CITY COUNCIL ACTION

SUBJECT:

THIRD AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH FALCON ENGINEERING SERVICES, INC., NOW KNOWN AS CHA SOLUTIONS, INC., FOR THE MCKINLEY STREET GRADE SEPARATION

EXECUTIVE SUMMARY:

This staff report asks the City Council to approve the Third Amendment to the Professional Services Agreement with Falcon Engineering Services, Inc., now known as CHA Solutions, Inc. (CHA), to increase the overall approved contract value from \$13,428,082 to \$13,985,611, for a total increase of \$557,529.

RECOMMENDED ACTION:

That the City Council:

- a. Approve the Third Amendment to the Professional Services Agreement with CHA, to increase the total compensation by \$557,529 to provide final construction management and inspection services through construction and close-out documentation support for the McKinley Street Grade Separation, Project No. 2012-12. The amendment would also extend the contract term through December 31, 2027, and allow for increased hourly rates for the remainder of the contract term.

- b. Authorize the City Manager, or his designee, to execute the Third Amendment to the Professional Services Agreement with CHA for an increase to the contract amount of \$557,529, to extend the contract term through December 31, 2027, and issue a change order for \$557,529.

BACKGROUND & HISTORY:

As of the end of February 2026, the City of Corona completed all construction contract work associated with the McKinley Street Grade Separation Project (Project). The Project included the construction of a 4-lane overhead grade separation with precast panel/mechanically stabilized earth retaining wall systems over the Burlington Northern Santa Fe Railway (BNSF) railroad crossing and Arlington Channel south of Sampson Avenue. Additional improvements included a connector road (Paseo Los Arcos) and southbound connector between McKinley Street and Sampson Avenue, and modifications to the State Route 91 eastbound on/off-ramps. Construction of the roadway, walls, bridge, Sampson Avenue connectors, and State Route 91 improvements were fully opened to the public in early December 2025.

Between early December 2025 and the end of February 2026, final construction contract work items, including signal modifications, signage, landscaping/irrigation, and other improvements, were required to complete all construction contract work in the manner proposed by the City and its project design consultant team.

During the approval of CHA's second amendment in November 2024, the final construction completion date at that time was estimated through July 2025 based on the Project construction contractor's schedule. The Project construction contractor had challenges meeting that schedule throughout the final construction of retaining walls, roadway improvements, and 30" transmission water line improvements between State Route 91 and Sampson Avenue, and as noted previously, did not complete all final construction contract work until the end of February 2026. This added seven (7) additional months of ongoing construction management and inspection services not originally anticipated within the second amendment.

CHA was able to extend the services and their remaining fee amount authorized in the second amendment to their contract through the end of December 2025 (approximately 6 additional months). In addition, CHA would need to provide all construction documentation necessary to close out permits with Caltrans, Riverside County, and Riverside County Flood Control & Water Conservation District, as well as required submittals by various funding agencies necessary for the City to receive reimbursement of construction-related funds. Documentation generally includes bid information, requests for information/clarification, change orders, work order directives, inspection forms, submittal logs/backup information, work bills, invoices, warranty information, and field notes pertinent to completing record-improvement plans as built in the field. Additionally, their services include providing clarifications and supplemental information, as needed, in response to audits by various agencies. It is now anticipated that the Project close-out could extend to December 31, 2027.

ANALYSIS:

Approximately \$260,000 of the proposed amendment is related to construction management and inspection services required in excess of previously authorized amendments and the original contract that occurred in January and February of 2026. Throughout the fourth quarter of calendar year 2026, City staff were actively working with CHA to forecast additional services and costs for efforts needed through construction completion. However, there were significant challenges in securing an accurate schedule needed to complete final construction contract work items until mid-January resulting in the need to continue inspection and management services while final construction contract work items were being installed and completed by the contractor, and to verify work was installed in the manner proposed and to a level of quality acceptable to the City per the construction contract.

The City of Corona could proceed with the following actions:

- 1) Approve the Amendment No. 3 to CHA's Professional Services Agreement with the City and Falcon per the Additional Services Requests attached to this report; or,
- 2) Direct City staff to limit the scope and fee through construction management/inspection services as performed through the end of February 2026 (i.e., end of construction contract work and approximately \$260,000), and City staff organize all construction close-out documentation and develop supplemental information as necessary to support requests from various funding agencies.

The analysis below evaluates each action:

Approve Amendment No. 3 (**staff recommendation**)

This is the most beneficial, as it maintains consistency from the construction management consultant directly responsible for generating all close-out documentation and provide efficiencies with their overall familiarity of the electronic and hard copy filing system in answering questions/providing supplemental information necessary to close out permits/support funding agency audits and other as necessary support.

Approve Services Completed in January/February 2026, and City Staff to Finalize Closeout Documentation (**alternate option**)

The following risks are present with this option:

- 1) There is missing or insufficient information necessary to close out permits, causing delays in reimbursement from various funding agencies.
- 2) Significant additional City Staff time needed to review and organize approximately several hundred thousand construction/inspection-related documents.
- 3) Challenges in finalizing all final invoices/work bills from the construction contractor, which would create delays in closing out all activities with various agencies and

funding sources due to City Staff not having as direct a involvement in day-to-day management of construction activities and document preparation.

Staff recommends moving forward with approval of the Third Amendment to the Professional Services Agreement with CHA.

FINANCIAL IMPACT:

Funding for the recommended actions is available in the McKinley Street Grade Separation Capital Improvement Project No. ST-2012-12 within TUMF-WRCOG Fund 479. There are sufficient funds in the project budget for the Additional Service Request, as attached to the Third Amendment to the Professional Services Agreement with CHA.

ENVIRONMENTAL ANALYSIS:

Per Public Resources Code Section 21080.13, all railroad grade separation projects that eliminate an existing at-grade crossing are exempt from the California Environmental Quality Act (CEQA). As a grade separation project, this Project is statutorily exempt under the California Environmental Quality Act. The recommended actions are accepting a new funding source and appropriating the funding to the McKinley Street Grade Separation Project No. 2012-12, and there is no possibility that accepting the funding will have a significant impact on the environment. Therefore, no environmental analysis is required.

PREPARED BY: KEVIN HANNA, ASSOCIATE ENGINEER

REVIEWED BY: SAVAT KHAMPHOU, PUBLIC WORKS DIRECTOR

ATTACHMENTS:

1. Exhibit 1 – Third Amendment to the Professional Services Agreement