



AGENCY: City Council  
MEETING DATE: September 23, 2019  
DEPARTMENT: Public Works  
PRESENTED BY: Tom Z. Varga  
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## AGENDA ITEM SUMMARY

### **TITLE:**

**Receive Report and Consider Adoption of City Council Resolution Approving Professional Services Agreement with Questa Engineering Corp. to Provide Construction Management Services for the Glass Beach Stairs Replacement Project, City Project No. PWP-00115, and Authorizing City Manager to Execute Contract (Amount Not to Exceed \$63,036; Account No. 407-5052-0731)**

### **ISSUE:**

A Request for Proposals (RFP) was released seeking construction management services for the Glass Beach Stairs Replacement Project. Proposals were due August 2, 2019, and Questa Engineering Corp. submitted the only proposal for the project. This proposal was presented to and considered by the City Council at its meeting of September 9, 2019. The proposal was for \$65,456, or up to \$75,156 with the alternate to perform additional environmental mitigation if certain triggers occurred (e.g. presence of nesting birds, hauled out seals, etc.). For reference, the City also received a bid for construction of the stairs from Akeff Construction with a base bid of \$173,700 and up to \$196,900 if alternate piers are constructed.

During Council's deliberations, it was determined that overall project costs were too high to approve the Professional Services Agreement with Questa Engineering Corp. or to award the associated bid by Akeff Construction. Staff was directed to work with Questa Engineering to bring construction management costs better in line with the scope of the construction work. Staff was further directed to investigate alternative or supplemental funding to reduce the project's cost impact on the General Fund.

The following report combines into a single discussion the construction management agreement and construction contract to best address the Council's direction and assist their deliberations.

### **ANALYSIS:**

The project's history and background were summarized in the Agenda Item Summary for this project on the Council's September 4, 2019 agenda. The previous staff report is attached for reference. The original solicitation was sent out to 39 consulting firms including the two nearest firms: SHN Engineers & Geologists in Willits and LACO Associates in Ukiah.

Staff contacted Questa Engineering to value engineer their proposal. They re-evaluated their labor hours, sub-consultant costs, and other direct costs. The following adjustments were made:

	Original Proposal	Revised Proposal	Difference
Labor	\$49,950	\$41,630	- \$8,320
Scenario A, other expenses	15,506	12,706	- 2,800
Sub-Total	\$65,456	\$54,336	- \$11,120
Scenario B, other expenses	9,700	8,700	- 1,000
TOTAL	\$75,156	\$63,036	- \$12,120

Full details of the costs can be found in “Table 1: Cost Estimate,” located in the revised proposal (attached). Scenario A includes non-labor office expenses, travel costs, and sub-consultant costs. Scenario B includes additional sub-consultant expenses for protecting and monitoring sensitive species if unexpectedly encountered during construction. This includes staking a 200-foot buffer/exclusion zone, as established by a qualified biologist, around any active double-crested cormorant nests, and a 100-foot buffer/exclusion zone from black oystercatcher nests. Additionally, the alternate would include surveys of marine mammals within mapped marine mammal exclusion zones. These alternates would only be triggered if the applicable nesting birds are present and/or if work is required within marine exclusion zones.

Questa costs including labor, travel, and office expenses amounts to \$47,030. The total project expense (construction and construction management, but excluding Scenario B tasks), amounts to \$251,236. The revised construction management portion of the overall costs is a bit over 18%. If all the sub-consultant costs are added back in, the construction management cost total is \$54,336 representing almost 22% of the project costs. This brings construction management costs much closer to the City’s historic experience of construction management that have been in the 10% to 15% range. It is important to note that the Questa contract is for a “not to exceed” amount. Actual billed costs will be calculated on an hourly basis as they are actually expended.

In addition, staff has spoken with SHN to reconsider their availability for construction management services. They stated that they are still too busy to take on the entire assignment as spelled out in the original Request For Proposals (RFP). However, it might be possible for them to take on some of them (e.g. materials testing, specialty inspections, and some of the administrative duties), if City staff can share some of the workload. To be fair to Questa, they will be asked if they can match SHN’s revised proposal. These negotiations were actively underway at the time this staff report was posted to the Council’s agenda. An update of the results of these discussions will be provide to Council during the meeting.

Staff also reanalyzed the potential funding source for the total project including construction and construction management. As discussed in more detail below, the City’s Parkland Monitoring/Reporting Fund appeared to be a reasonable fit as funding source. The General Fund was the other possible funding source. There are various parts of the General Fund that may be used. These include: Unassigned, Cost Savings, or Projects.

As original presented to Council, \$100,000 could be transferred from Fund 122 – Parkland

Monitoring/Reporting Fund. As noted under the “Special Revenue Funds Summary” in the FY 2019/20 Adopted Budget (page 201), this fund “...accounts for payments made by Georgia Pacific in connection with the City’s acquisition of Noyo Headlands Park property to cover costs associated with on-going monitoring and reporting requirements related to the environmental remediation of the property.” Council may use this description in its consideration of using this funding for the Glass Beach Stairs project. The balance in Fund 122, as of June 30, 2019, is \$128,040. An amount of \$28,040 was to be left in the fund for future needs. A larger portion of the Fund balance can be utilized if so desired. There are other unmet needs (e.g. maintaining restored areas), that these funds can be alternatively applied to.

The remainder of the funding as originally proposed was to be drawn from the Unassigned Fund Balance of the General Fund. As currently configured, the total project cost is \$251,236 to \$259,936. Assuming \$100,000 is still used from Fund 122, approximately \$150,000 to \$160,000 is needed to complete the project funding. Staff combed through the budget again and was unsuccessful in finding any new funding that can be applied to improvements in a City park. Staff previously investigated grant funding programs, including Proposition 68. Replacing stairs is normally categorized as maintenance type project by grant funding agencies. These types of grant applications compete very poorly. Granting agencies emphasize the creation or expansion of park or other recreational facilities. Once they are developed, it is their expectation that upkeep, repair, restoration, or replacement is a local agency obligation.

Within the General Fund, various adjustments are being presented for Council’s consideration. The original recommendation was to draw down the unassigned balance. This balance, as of July 1, 2019, was approximately \$1,027,238. It is important to note that with the proposed financing, the City will continue to maintain the following three rainy day reserves: the operating reserve @ \$1,469,787, the recession reserve @ \$489,929 and the litigation reserve @ \$200,000. With all three rainy day reserves funded, drawing from the unassigned fund balance does not represent any specific risk to the general fund. The unassigned fund balance is an appropriate funding source and use of these funds is entirely at the discretion of the City Council. The question of whether to use the funds for the Glass Beach stairs or save them for a future unidentified use is a question for the Council to determine. If used, this source would be decreased by up to approximately 16% assuming the maximum \$160,000 comes from here. However, other considerations are possible. The Public Works Department has saved approximately \$53,000 since Public Works Project Analyst Crystal Prairie left seven months ago; of this \$34,000 was a direct savings to the General Fund. If desired, this savings can be applied toward the project. Within the Internal Service Fund - ISF (F522), \$22,000 has been budgeted for replacing the Guest House clock. This could potentially be applied to the project. These two amounts could reduce the impact to the Unassigned portion of the General Fund to approximately \$104,000. As was briefly discussed by the Council at the last meeting, Measure AA/AB monies could potentially be redirected to the project, further reducing the impact to the Unassigned portion. Staff is looking to Council for direction if any of these options should be pursued. If so, which options and amounts should be used?

**RECOMMENDED ACTION:**

If the City Council elects to reallocate funds to award the construction bid for the project, staff recommends adopting the resolution approving the professional services agreement with Questa Engineering Corp. for construction management services in an amount not to exceed \$63,036. Staff recommends including Scenario B in case unexpected sensitive species protection measures are necessary.

**ALTERNATIVE ACTION(S):**

Council could decline to adopt the resolution approving the professional services agreement with Questa Engineering Corp. If so, the bid for construction services award should be reconsidered in a similar fashion.

**FISCAL IMPACT:**

Funding for this agreement and for the project is dependent on the Council adopting a resolution to reallocate funding from the Parkland Monitoring/Reporting Fund, the General Fund and potentially other Funds.

**GREENHOUSE GAS EMISSIONS IMPACT:**

There will be a short-lived increase of greenhouse gas emissions during the construction phase due to the equipment necessary for the performance of the work. Increases in greenhouse gases will only occur during actual construction. All Air Quality Management District best management practices for minimizing greenhouse gas emissions during construction (reducing idling vehicles, etc.) will be incorporated into the daily activities of this project. Any disturbed areas, outside of the stairway, will be restored and revegetated.

**CONSISTENCY:**

1. Budget: The project is consistent with the Capital Improvement Program, which lists the project as a 2019-20 activity but did not identify all the funding source(s).
2. Coastal General Plan – Conservation, Open Space, Energy and Parks Element (Program OS-16.1.1): “Provide shoreline access in the Coastal Zone along the vertical and lateral access routes as described in Table OS-2 and Map OS-3.
3. Coastal General Plan – Conservation, Open Space, Energy and Parks Element (Policy OS-16.8): “Public Accessways and trails to the shoreline and public parklands shall be a permitted use in all land use and zoning designations.”

**IMPLEMENTATION/TIMEFRAMES:**

RFP Deadline: August 2, 2019

Begin Construction Management Services: September 30, 2019

Start Construction: October 15, 2019

Complete Construction: December 27, 2019

**ATTACHMENTS:**

1. Resolution
2. Contract
3. Revised Questa Engineering proposal

4. Revised Questa cost estimate
5. Previous staff report

**NOTIFICATION:**

1. Karen Green, Akeff Construction Services, Inc.
2. Carl Nelson, Questa Engineering