



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 Accepting the Bid of Akeff Construction Services, Inc. as the Lowest Responsive Bid, Awarding the Glass Beach Stairs Replacement Project, City Project No. PWP-00115, to Akeff Construction Services, Inc. and Authorizing City Manager to Execute the Contract (Amount Not to Exceed \$196,900; Account No. 407-5052-0731), Amending the FY 2019-20 Budget (Amendment No. 2020-02), Approving the Reallocation of \$100,000 from the Parkland Monitoring/Reporting Fund (Account No. 122-7999-0799) and the Reallocation of \$188,591 from the Operating Reserves to Fund the Glass Beach Stairs Replacement Project (Account No. 407-5052-0731)

ISSUE:

Award of the contract to build the Glass Beach Stairs Replacement project was considered by Council at its previous meeting on September 9, 2019. This item and the associated construction management professional services agreement were returned to staff with direction to reduce construction management costs and to find other or supplemental funding sources. These topics are fully detailed for discussion in the Council agenda item reconsidering approving the agreement with Questa Engineers for construction management services. The remainder of this staff report is the same as presented at the Council's previous meeting.

Bids for the Glass Beach Stairs Replacement Project were opened August 2, 2019. Akeff Construction, Inc. submitted the only bid for the project, and was considered responsive and reasonable. The base bid is \$173,700, and rises to \$196,900 with the alternate to include fender piles at the base of the stairs. For reference, the City received a proposal for construction management with a base bid of \$54,336 and \$63,036 if additional environmental mitigation is required.

ANALYSIS:

In 2015, the City repaired the cable stairs leading the Glass Beach to address damage caused by high visitor use and winter storms. In fall of 2016, the City removed the stairs permanently as they had eroded again due to high use and winter storm damage. City Council directed staff to proceed with a new design for the stairs that would withstand high surf conditions and the heavy pounding that the stairs receive from logs in the surf. On January 9, 2017, City Council authorized a contract with I.L. Welty & Associates in an amount not to exceed \$32,807 to complete a geotechnical analysis and prepare engineered plans and specifications to replace the Glass Beach Stairs. I.L. Welty developed a project design and an Engineer's Estimate of \$190,000 for the replacement stairs. In the spring of 2017, the City secured a Coastal Development Permit (CDP 1-17) and Design Review Permit (DR 1-17) to replace the previously-removed cable stairs with a concrete stair design. These permits have been extended and expire in March 2020. So long as construction begins prior to March 2020, no further permitting or environmental review is required to

install the stairs.

At the 2018 Mid-Year Budget review, City Council provided new direction to staff to seek out a less expensive alternative design solution. In August 2018, City staff cleared paths to the beach through the undergrowth in the area around Glass Beach in order for a geotechnical engineer to examine the site and provide guidance on possible access locations, and the engineer suggested that gabion baskets could be used to build the stairs. It was originally thought that gabion basket stairs could be constructed by a crew from a local conservation/fire camp run by the California Department of Corrections and Rehabilitation - CDCR (Parlin Fork or Chamberlin Creek). CDCR crews can save the City considerable cost. However, CDCR conservation/fire crews statewide have been difficult to hire for prolonged projects due to their efforts in forest fuel reduction and fire suppression activities. Additionally, the original cost projections for gabion basket stairs underestimated the total length of the stairs with the revised alignment. The combination of losing the labor of CDCR crews and the increased materials and construction costs of the gabion baskets makes the costs for this alternative roughly the same as replacement concrete stairs. Finally, a sizable cliff collapse occurred a few hundred feet south of the proposed stairway location in a geologic formation similar to that found at the Glass Beach. Stairways placed on the surface or shallowly built into the soil (e.g. gabions or wooden structures) are at risk of being carried away by future cliff collapses.

City staff presented the various alternatives to the Public Works and Facilities Committee on May 8, 2019. The Committee directed staff to release a Notice Inviting Bids to build concrete stairs where the cable stairs used to be, as well as a Request for Proposals (RFP) for construction management in order to firmly establish the costs of the project. With established costs, Council could then decide whether or not to proceed with the project and install the stairs.

Funding

The engineer's estimate for concrete stair construction was \$190,000, and the Capital Improvement Program (CIP) budgets \$200,000 for the stair replacement. The CIP does not list any funding identified for the project, but a balance of \$122,000 remains in the Parkland Monitoring/Reporting Fund and approximately \$100,000 of these dollars have been discussed as a possible source to fund a portion of the stair replacement project. The \$22,000 that would remain in the fund would be available for future remediation needs and park maintenance.

The construction bid from Akeff Construction, Inc. is \$173,700, or \$196,900 with the alternate fender piles placed at the bottom of the stairs. The one proposal received for construction management was between \$54,336 and \$63,036 depending on environmental mitigation requirements (i.e. presence of nesting birds, etc.). This puts the total cost of the project between \$228,036 and \$259,936 with a 10% contingency, depending on alternates. If \$100,000 of Coastal Trail Remediation dollars from the Parkland Monitoring/Reporting Fund are used for the project, up to \$159,936 of the project costs remain unfunded.

In order to proceed with the project, the unfunded project costs will need to come from the

General Fund, specifically the unrestricted reserves. These reserves are the General Fund Operating Reserve (approximately \$1.47M), General Fund Recession Reserve (approximately \$489,929), and the Litigation Reserve (approximately \$200,000). Per the fiscal policies of the FY 19/20 budget, only the Operating Reserve would be eligible to cover the costs of the unfunded portion of the Glass Beach Stairs Replacement Project. The adopted budget states that the Operating Reserve “may be tapped into, with Council authorization, for unforeseen operating or capital needs.” Should the Council proceed with the project, staff requires Council direction to transfer the unfunded portion of the project (approximately \$159,936) from the Operating Reserve to fund the project.

RECOMMENDED ACTION:

Staff recommends Council consider reallocating funds from the Parkland Monitoring/Reporting Fund and from the Operating Reserve to cover the costs of the Glass Beach Stairs Replacement Project and consider awarding the bid from Akeff Construction Services, Inc.

ALTERNATIVE ACTION(S):

Council could direct staff to issue a new Notice Inviting Bids to attempt to obtain a lower bid.

FISCAL IMPACT:

The adopted budget states that the City “will maintain an unrestricted fund balance of at least 15% to 20% of the annual operating expenditures in the General Fund.” The approximately \$1.47M in the Operating Reserve represents about 15% of the annual operating expenditures. Should the Council direct staff to proceed with the project and transfer the unfunded project costs from the Operating Reserve, the reserve would be reduced to approximately 13% of the City’s annual operating expenditures.

Glass Beach is a popular tourist attraction that receives national recognition and is a major draw for the City’s tourism efforts. Transient Occupancy Taxes (TOT) are a vital revenue source for the City, representing over \$2.5M in overall revenue in the last two years. TOT revenues have doubled from FY 10/11 to present. Although difficult to quantify, construction of the replacement stairs to Glass Beach could increase TOT revenues by providing access directly to Glass Beach. Without the stairs, visitors have combed the beach for glass at other locations along the tidal zone.

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.

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 the funding source. The Budget policies

instruct that Council may allocate Operating Reserves for “unforeseen operating or capital needs.” The Operating Reserves for 2019-20 would fall to approximately 13% of the operating expenditures, below the 15% to 20% threshold the budget policies prescribe.

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:

Bid Opened: August 2, 2019

Start Construction: October 15, 2019

Complete Construction: December 27, 2019

ATTACHMENTS:

1. Bid Opening
2. Resolution
3. Contract
4. Notice of Award

NOTIFICATION:

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