



Staff Report

File #: REPORT 24-0058, Version: 1

Honorable Mayor and Members of the Hermosa Beach City Council Regular Meeting of February 27, 2024

REJECT ALL BIDS AND AUTHORIZE THE RE-ADVERTISEMENT OF CIP 689 CLARK BUILDING RENOVATIONS (Public Works Director Joe SanClemente)

Recommended Action:

Staff recommends City Council:

1. Reject all bids for CIP 689 Clark Building Renovations;
2. Direct staff to work with the project design team and Council appointed subcommittees to evaluate options to reduce project scope and cost, and refine the project design, subject to Council approval prior to re-advertisement; and
3. Direct staff to re-open the Clark Building on an interim, limited use basis subject to completion of the sewer line replacement and other necessary minor maintenance items.

Executive Summary:

The FY 2023-2024 Capital Improvement Program (CIP) includes CIP 689 Clark Building Renovations to fully renovate the Clark Building and construct site improvements. After receiving and reviewing the project bids, staff recommends City Council reject all bids and authorize staff to advance opening the Clark Building on an interim, limited use basis; and to revisit and update the project scope and design to reduce project costs, through coordination with the Council appointed subcommittees. Once completed, staff would seek approval from City Council prior to re-advertising the project.

Background:

The scope of work for CIP 689 Clark Building Renovations was developed through a comprehensive community engagement process that included surveys, virtual forums, and comments at public meetings of the Parks, Recreation and Community Resources Advisory Commission, Public Works Commission, and City Council. A subcommittee of members of both Commissions was assembled to provide input on this project. All who participated provided valuable feedback regarding desired amenities, with the addition of an updated kitchen, air conditioning, and an audio-visual system as top priorities.

Staff and the project architect presented the preliminary building design to City Council at its January 25, 2022 meeting. However, design modifications were subsequently required to bring the building's kitchen to commercial standards per the requirements of the Los Angeles County Department of Public Health. Since that time, staff actively worked to advance and complete the final architectural

plans and design of the engineering components, including, but not limited to the commercial kitchen, electrical upgrades, site accessibility improvements, the audio-visual system, HVAC components, and the flooring system. Final design approvals were obtained from the Public Health Department and the City’s Building and Safety and Planning Divisions in fall of 2023.

The full scope of the designed project includes the following improvements:

- New commercial kitchen per current Los Angeles County Department of Public Health requirements, including new appliances, fixtures, storage cabinets, counter tops, flooring, grease trap system, and lighting;
- New electric powered heating, ventilation, and air conditioning (HVAC) system;
- New audio-visual system including built-in speakers, overhead projector, and roll-down projection screen;
- Architectural upgrades including:
 - Furred out walls to hide system components such as electrical conduit and provide a new smooth wall surface throughout;
 - New decorative accents on the ceiling;
 - Acoustic ceiling panels for sound absorption;
 - New commercial grade vinyl flooring;
 - New interior and exterior light fixtures;
 - Complete interior and exterior cleaning and painting; and
 - Restored original signage on the exterior of the building;
- New sewer lateral and connection;
- New plumbing system to accommodate the updated restrooms and commercial kitchen, including new floor drains for ease in maintenance.
- Site improvements including new concrete walkways and ramps to current accessibility standards, decorative enclosures around the refuse storage area and HVAC units, new accessible entrance to the Lawn Bowling Club, and refreshed landscaping and irrigation.
- Completely renovated restrooms to current accessibility standards, including new fixtures, partitions, vanities, mirrors, flooring, and lighting;
- New electrical system including wiring and upgraded service connection necessary to serve the enhanced building components;
- Asbestos and lead abatement work throughout the building; and
- Necessary demolition work associated with the renovation.

The installation of solar panels, and back-up batteries, were also identified as a scope item during the outreach process and was not included in the final design package, as staff was working with the Clean Power Alliance (CPA) on potentially securing separate funding for this work.

Past Council Actions

Meeting Date	Description
--------------	-------------

January 25, 2022	City Council received a presentation of preliminary building design from City staff and the project architect.
September 26, 2023	City Council adopted new purchasing methods in accordance with the Uniform Public Construction Cost Accounting Act (UPCCAA).

Analysis:

On November 16, 2023, the City issued Notice Inviting Bids 23-009 inviting experienced and highly qualified construction teams to submit a bid for construction of the project through a competitive process. The notice was advertised in the Easy Reader, on the City’s website, and on the City’s online bidding platform, PlanetBids. During the advertisement period, 56 prospective bidders downloaded the project documents from PlanetBids, inclusive of general contractors and subcontractors. Staff also held a mandatory pre-bid site walk on December 6, 2023 that was attended by 20 participants.

On December 21, 2023, the City received a total of five bids, which were opened and read aloud by the Deputy City Clerk. The bid results are provided in **Attachment 1** and summarized below in the order the bids were received. The engineer’s construction estimate prepared by the City’s architectural design team was \$1,550,000.

Bid Result Summary

BIDDER	BASE BID AMOUNT	ALTERNATE BID ITEMS	TOTAL BID
PUB Construction, Inc.	\$2,843,000	\$59,490	\$2,902,490
Armstrong Cal Builders, Inc.	\$2,496,000	\$67,750	\$2,563,750
Caltec Corp.	\$2,930,000	\$136,300	\$3,066,300
Modern General Contractor, Inc.	\$2,937,000	\$60,000	\$2,997,000
SS+K Construction, Inc.	\$2,485,000	\$93,000	\$2,578,000

All five bids were significantly higher than the engineer’s construction estimate of \$1,550,000 prepared by the City’s architectural design team. As a substantial portion of the final design was completed in the past 6 to 12 months leading up to project advertisement, the design team anticipated that actual costs could be higher given the uncertainty in pricing due to significant inflationary increases in building construction costs experienced over the past two to three years. The project cost estimate was updated prior to advertisement based on the current final design of the project and readily available cost data at the time. Staff worked to finalize the bid package and advertise the long-anticipated project as quickly as possible to determine true market pricing which has yielded a cost substantially higher than that anticipated by the City’s design team.

Staff reviewed the bid documents provided by all bidders and concluded, based on bid pricing

significantly above the engineer's estimate, that the City would be better served by rejecting all bids.

Staff reviewed the bid documents provided by all bidders and concluded, based on bid pricing significantly above the engineer's estimate, that the City would be better served by rejecting all bids.

Given the number of bids received on the project, and fairly narrow cost range amongst all bids, staff does not anticipate that re-advertising the project as currently scoped and designed would necessarily yield a lower construction bid.

Staff conducted a detailed bid analysis with the City's architectural design team and the City's on-call building construction engineers, and anticipates there may be some limited opportunities for small cost savings through value engineering installation methods and materials. There may also be opportunity to advance certain items separately to reduce markup (e.g. purchase furniture directly from vendor through cooperative purchase agreements, advance abatement in advance of full construction through separate contractor, etc.), while still maintaining the overall functionality desired by the community and maximizing revenue for the City following project completion. This effort would require re-engaging the design team to fully identify all options and revise the project design plans and specifications accordingly and could take approximately three to four months to complete before re-advertising the project, which is still anticipated to require additional funding beyond that currently budgeted in the CIP. During this process, staff would evaluate budget projections through the upcoming FY 2023-2024 budget process, to determine if there are additional funds available or if would require reprioritizing funding in the current CIP.

Larger revisions to the project scope for greater cost savings may be possible, but would require more extensive design changes. Larger revisions may require removing key elements identified during the public outreach process and potentially need updated approvals from the Los Angeles County Department of Public Health. These larger changes require more detailed involvement by the project design team to understand the cost and design implications of altering or removing larger scope elements, and the associated input from the subcommittees and Council, which are anticipated to take approximately six to nine months to complete before the project would be ready to re-advertise.

Since February 2022, the Public Works Operations and Maintenance team fulfilled 35 work orders to set up the Clark Building for various, primarily municipal, uses. There have been other uses of the facility since that time that did not require staff support for setup. Staff re-evaluated the necessary work to complete an interim general re-opening of the Clark Building, so that the community can enjoy the limited use of the existing building given the additional time to consider and update the larger project renovation plans. One of the critical items that would need to be addressed to facilitate an interim general re-opening is the replacement of the existing sewer lateral, which has been an ongoing maintenance issue and area of concern with outside use of the building. Under the City's modernized construction procurement requirements through the Uniform Public Construction Cost

Accounting Act (UPCCAA) adopted by Council at its September 26, 2023 meeting, with ordinance effective as of October 26, 2023, staff can now expeditiously retain a contractor to complete the sewer work separately from the larger project. Previously, this effort would have followed the traditional, and more time-consuming, procurement process involving preparation of plans and specifications, public advertisement and bidding, and formal contract award.

Replacement of the sewer line would help address the issues; however, would not fully resolve the concerns as all existing internal drain lines need replacement and cannot be addressed separately from the full renovation. As a result, the interim use of the building would still be limited to small classes or other lower impact rental use. Additionally, staff would need to advance other minor, low-cost maintenance improvements to allow the basic functioning of the building, including servicing and cleaning of the heating system, patching holes in the wall and floor, interior painting of the ballroom and the restroom, and painting of the restroom floor.

Staff anticipates that the interim re-opening could be completed within approximately two months following Council approval and would also advance one of the critical elements of the project (sewer line replacement) on an earlier timeline while the design is revised. These temporary improvements would not re-open the kitchen and are not a substitute for a more comprehensive renovation, that at a minimum would need to include accessibility upgrades at the facility in accordance with current accessibility requirements for renovations and consistent with the City's ADA Transition Plan.

While these interim improvements and design updates advance, staff recommends re-engaging the Council appointed subcommittees for input on the major scope elements of the project. During this period, as part of the upcoming FY 2024-25 budget cycle, staff would also re-evaluate the availability of funding in relation to other current and anticipated project funding needs in the CIP.

General Plan Consistency:

This report and associated recommendation have been evaluated for their consistency with the City's General Plan. Relevant Policies are listed below:

Governance Element

Goal 1. A high degree of transparency and integrity in the decision-making process.

Policies:

- **1.1 Open meetings.** Maintain the community's trust by holding meetings in which decision being made, that are open and available for all community members to attend, participate, or view remotely.
- **1.6 Long-term considerations.** Prioritize decisions that provide long-term community benefit and discourage decisions that provide short-term community benefit but reduce long-term opportunities.

Fiscal Impact:

The estimated cost of the work required for an interim re-opening of the Clark Building is anticipated to be less than \$60,000 using the current available CIP 689 budget. This would include utilizing contractors to replace the sewer line, service the HVAC system, and use City maintenance crews to perform limited patching and painting of the interior.

The current available CIP 689 budget would also be used to evaluate and update design changes for the Clark Building.

Attachments:

1. Bid Summary Log
2. Link to January 25, 2022 City Council Meeting
3. Link to September 26, 2023 City Council Meeting

Respectfully Submitted by: Stephanie Holst, Senior Engineer

Concur: Lucho Rodriguez, City Engineer

Concur: Joe SanClemente, Public Works Director

Concur: Lisa Nichols, Community Resources Manager

Noted for Fiscal Impact: Viki Copeland, Finance Director

Legal Review: Patrick Donegan, City Attorney

Approved: Suja Lowenthal, City Manager