

# Lompoc City Council Agenda Item



**City Council Meeting Date:** January 17, 2017

**TO:** Patrick Wiemiller, City Manager

**FROM:** Michael W. Luther, P.E., Asst. Public Works Director/City Engineer  
m\_luther@ci.lompoc.ca.us

**SUBJECT:** Amendment of Consultant Services Agreement No. CS-14-T-1, Conceptual and Final Design of the Transit Operations/Fleet Maintenance Facility; Adoption of Resolution 6093(17) to Approve Supplemental Appropriations

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## **Recommendation:**

Staff recommends the City Council take the following actions:

- 1) Authorize the City Engineer to execute a Contract Amendment with IBI Group, Inc. (IBI), for value engineering design services not to exceed \$80,760;
- 2) Authorize the City Engineer to execute additional Contract Amendments not to exceed \$15,000; and
- 3) Adopt Resolution No. 6093(17) to Approve Supplemental Appropriations to provide \$95,760 of additional design funds; or
- 4) Provide alternate direction.

## **Background:**

The following is a brief history of action taken to support the development of the Transit Operations and Fleet Maintenance Facility Project (Project):

- Proposition 1B was passed by the voters in the November 2006 election authorizing up to \$19.925 Billion of general obligation bonds to fund transportation projects. The City of Lompoc (City) anticipates receiving approximately \$2.3 Million for transit projects such as the Project.
- June 4, 2013 – Adopted Resolution No. 5851(13), authorizing the amendment of the City's Proposition 1B fund application to include the development of a new maintenance and operations center.
- October 15, 2013 – Approved purchase agreement with Union Bank for the former Weyrick Lumber Yard at 320 North D Street.

- April 2014 – Contract with IBI issued for needs analysis and programming phase of work.
- March 17, 2015 – Results of Relocation Analysis (Figure 1) presented to City Council with the following direction given to Staff:
  - Select the combined Transit Operations and Fleet Maintenance Facility as the preferred option (Site Study 3). That option required additional property acquisition;
  - Award the project design contract to IBI;
  - Prepare development plans, conduct environmental studies, obtain Planning Commission approval, and advertise the Project for construction;
  - Apply for and program Proposition 1B, Transportation Development Act (TDA), and Federal Transportation Administration (FTA) section 5307 funds, and make any other submittals, as necessary, to fully fund the Project;
  - Develop a project financing plan to fully fund the project as part of the Biennial Budget Fiscal Years (Budget) 2015-2017 leveraging available transit funding;
  - Adoption of Resolution No. 5972(15) establishing official intent to reimburse certain transit fund expenditures from proceeds of indebtedness; and
  - Authorization for the City Manager to develop and execute interdepartmental agreements defining the rate and terms of long-term City reimbursement of Transit Enterprise Fund based on Fair Market Value (FMV) non-transit use.
- May 12, 2015 – City entered into Contract with IBI to design the Project (Figure 2).
- November 3, 2015 – Submitted project development application to the Planning Division.
- June 2016 – 50% design drawings and cost estimate submitted for review.
- September 12, 2016 – First of several value engineering meetings was held.
- December 15, 2016 – Building Permit application and first plan review submitted to Building Division.
- Although the last three items typically occur after Planning approval, to keep the Project moving forward to meet financing deadlines, those items are occurring concurrently.

**Discussion:**

The initial estimate, based on the Relocation Analysis (February 2015), indicated a total Project cost of \$13,000,000. The revised estimated Project cost based on the 50% construction document submittal (June 2016) exceeded the initial estimate.

To maintain the function and quality of the Project, Staff and IBI utilized a value engineering approach to provide bid options to keep the Project costs at or under the originally projected \$13,000,000. That approach is discussed in more detail under the Value Engineering section later in this report.

### Property Acquisition

The acquisition of the site to the north of the City-owned 320 North D Street property has been delayed due to environmental matters. Staff has been working with the property owner, Level 3 Communications LLC (Level 3) to identify the extent of low level soil contamination identified on the property during our due diligence process. The parties are currently in the process of finalizing environmental clearance requirements for this location with the Santa Barbara County Public Health Department, Environmental Health Services Division. Staff anticipates being able to bring a property purchase agreement to City Council in March or April of this year for approval.



Figure 1- Site Plan from 3/2015 Relocation Analysis



Figure 2-Current Design of Project

### Construction Cost Escalation

Construction cost indices have escalated since the Project was first presented to the City Council. That cost escalation is due to an increase of available construction work in the market. As market demands continue to grow, construction costs continue to escalate due to longer lead times for materials, shortage of skilled labor, and increased labor costs. Current and anticipated construction inflation is estimated at 6%-8% per year which is more than double the 1.5%-3% growth rate originally projected for the Project. That represents an approximate 15% cost increase from the initial Project estimate provided to the City Council.

### Value Engineering

A series of value engineering meetings resulted in alternative design solutions that reduce construction costs while achieving the essential functions of the original Project. Those alternative solutions include:

- Relocating and utilizing the existing wash basin;
- Removing one of the Fleet buildings (Building 400) from the base bid;
- Consolidating core Fleet Division functions into the two remaining maintenance buildings (Transit Building 100 and Fleet Building 300);
- Retaining the Radio Shop in its current location at the Corporate Yard;

- Modifying wall and floor finishes to lower initial construction costs while keeping maintenance costs down;
- Removing office and maintenance spaces originally planned for Clean Air Express from Building 100; and
- Reducing/eliminating improvements to the lot on the corner of Chestnut Avenue and D Street.

Bid documents will be structured with a base bid scope of work that includes all of the essential components for the facility to function. Bid documents will also include additive/alternate bid items to provide flexibility to add nonessential components to the Project if bids come in lower than anticipated and still fit within the Project budget. Anticipated bid alternates include the two large transit service bays on Building 100, Building 400, canopy between Building 200 and 300, canopy between Building 300 and 400, and solar panels. Alternates not selected at contract award can be phased in as future capital improvement projects as the design will have been previously completed.

### **Fiscal Impact**

Value engineering design fees were not included in the original design contract with IBI. The estimated Project design budget in Table 1 includes: \$700,450 authorized by the City Council on March 17, 2015, value engineering design fee of \$80,760, and an incremental additional contract contingency amount of \$15,000 proportional to the added services. At the March 17, 2015, meeting, City Council authorized the use of various transit funding sources which include Prop 1B, TDA, and FTA funds. Project financing anticipates the use of debt financing which utilizes TDA and/or FTA funding sources for repayment of the financing. Also included in the March 17, 2015, staff report, it was estimated the combined funding sources would provide approximately \$3,571,000 for direct payment of Project costs. Additional value engineering design costs are offset by additional Proposition 1B funding secured by staff. Staff has secured \$92,019 of previously unallocated Proposition 1B funding for the Project, approved by the Santa Barbara County Association of Governments (SBCAG) Board at their November 17, 2016, meeting, which is in addition to the \$2.3 million allocated to the City for projects. Additionally, staff is working with SBCAG to transfer an additional \$140,028 of Proposition 1B funding that is allocated to SBCAG for a project that is no longer being constructed. SBCAG has informed staff the Project is the only project in Santa Barbara County still open that is eligible to claim the available Proposition 1B funds. California Office of Emergency Services (Cal OES) approval is still needed to finalize the transfer of funds.

The table below summarizes the existing funding for design funding as well as providing a summary of the proposed additional funding being requested.

**Table – Transit/Fleet Facility Design Funding Summary**

<b>Account</b>		<b>Total</b>
	IBI Group, Inc. Contract	\$639,450.00
	IBI Group, Inc. Contract Contingencies	\$61,000.00
	Approved Design Total	\$700,450.00
	Value Engineering Design Fees	\$80,760.00
	Additional Contract Contingencies	\$15,000.00
23000-80144	New Project Total	\$796,210.00

**Conclusion:**

Staff recommends City Council approve the additional value engineering design services and an increase to the design contract budget by \$95,760. That direction will enable the Project to move forward in the development review and approval process while still providing options to keep the Project within the previously reported total anticipated Project cost of \$13,000,000. It is important for the Project to continue moving forward to ensure various timely use of funds requirements are met.

Respectfully submitted,

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Michael W. Luther, P.E., Asst. Public Works Director/City Engineer

**APPROVED FOR SUBMITTAL TO THE CITY MANAGER:**

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Kevin P. McCune, P.E., Public Works Director

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Brad Wilkie, Management Services Director

**APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:**

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Patrick Wiemiller, City Manager

Attachment: Resolution No. 6093(17)