



## AGENDA SUMMARY EUREKA CITY COUNCIL

**TITLE:** Eureka Operations Complex Development

**DEPARTMENT:** Public Works and Development Services

**PREPARED BY:** Katie Marsolan, Project Manager

**PRESENTED FOR:** Action  Information only  Discussion

### **RECOMMENDATION**

1. Receive report from City Staff and Scott Edwards Architecture on outcomes of the conceptual design phase for the Eureka Operations Complex;
2. Direct staff to explore potential sources of funds, financing options, proposed budget allocations and return to City Council at a future date; and
3. Authorize procurement methods consistent with State and City purchasing codes including the Construction Manager at Risk method.

### **FISCAL IMPACT**

No Fiscal Impact  Included in Budget  Additional Appropriation

### **COUNCIL GOALS/STRATEGIC VISION**

- **Strategic Vision Two Year Goal:** Construct Public Works Operations Complex
- **2040 General Plan Goal HS-1:** Protection of property, critical facilities, and human life from seismic and geological hazards.
- **2040 General Plan Goal HS-2:** Reduced risk of loss of life, injury, damage to property and economic and social dislocations resulting from flood hazards.
- **2040 General Plan Goal HS-4:** Adequate community response to effectively prepare for, respond to, recover from, and mitigate the effects of natural or technological disasters and emergencies.
- **2040 General Plan Policy HS-4.6 Critical Facilities:** Ensure the continued function of critical facilities such as hospitals, fire stations, police stations, and emergency command centers following a major disaster to facilitate post-disaster recovery. Locate such facilities outside of identified hazard areas.

## **BACKGROUND**

The City's existing corporation yard (corp yard) is approximately 3.9 acres and is located at 945 W. 14th Street. If City Council approves the proposed acquisition at Ocean View Cemetery, the City's existing corp yard would be relocated to the new location with the development of the Eureka Operations Complex. Based on the conceptual site layout included in the IS/MND, the operations complex would have a maximum development footprint of approximately 210,000 square feet (4.8 acres), which would include an operations building, warehouse, fleet maintenance shop, and surrounding hardscape. Approximately 66 full-time and seasonal Public Works staff members who currently work at the existing corp yard and City Hall would be stationed at the new facility.

## **DISCUSSION**

The City retained Scott Edwards Architecture to facilitate the conceptual planning process for the development of the Eureka Operations Complex at the Ocean View Cemetery property. The concept planning process informed the CEQA analysis to quantify the development features and potential impacts and mitigation measures. The concept design work has been completed and a final report will be prepared to record the work product deliverables. Staff and consultant team will provide a presentation to City Council during the meeting to summarize the concept design phase outcomes and next steps.

Capital improvement projects require thoughtful planning and sequencing. The early phases for the Eureka Operations Complex included the Initial Study Mitigated Negative Declaration and the concept design phase. The next phases of work would include procurement, schematic design, project budgeting, final design, contract award and construction.

### **Procurement**

The City has traditionally used a design-bid-build, or hard-bid, approach for its capital improvement projects. This is a process wherein one firm is initially awarded the design services contract and subsequent to the completion of the design, the City then bids out the construction portion of the project and awards the contract to the lowest responsible bidder. However, a low bid process does not permit the City to consider the bidders qualifications or collect contractor input during the design process. Often times a large capital project bid-effort leads to receiving bids that are higher than the project budget, and then the project must undergo value engineering and re-bidding.

Alternative procurement methods such as design-build and Construction Manager at Risk (CMAR) provide a mechanism to evaluate a prospective contractor based upon experience and qualifications, and then engage in a design development process to reduce escalating project design and project budget. The CMAR process includes early cost estimating services during the preconstruction phase and would assist the City in

establishing a project budget concurrently with the design phases and preparation of construction documents.

### ***Construction Manager at Risk***

The CMAR method involves procurement of a construction manager (CM) to provide preconstruction services and construction services. During the preconstruction phase the CM acts as a consultant to the City by engaging with the architect, providing input on the design, conducting site investigations, performing cost estimating, generating constructability reports, and proposing construction sequence and schedules. Once the design reaches an appropriate level, the CM prices the construction work, including obtaining competitive bids from subcontractors, to reach a Guaranteed Maximum Price (GMP). The City conducts a cost reasonableness evaluation and determines whether to proceed with construction and accept the GMP. If the City and CM cannot agree on a GMP, then the City may terminate the preconstruction agreement and proceed with construction phase through other means. If the City and CM agree upon the GMP the City would award a contract to the CM for the construction phase services. The CM must manage and control the construction costs, accepting financial liability, to deliver the completed construction project within the GMP.

With a CMAR process, the design and construction of the project may be in sequential phases or may overlap. Although not yet authorized for use for general law cities, CMAR has been used by many California agencies including charter cities, and the legislature has specifically authorized its use by various state and local agencies, including laws codified at Public Contract Code § 20146 *et seq.*, Public Utilities Code § 100150 *et seq.*, and Eureka Municipal Code § 39.38(H).

The CMAR project delivery process has several unique benefits to the City, including:

- Enhanced design quality due to contractor involvement in the design process
- Reduced delivery time as design and construction can overlap
- A single point of accountability, with better project understanding and continuity, between design and construction of the facility
- Fewer change orders
- Fewer claims
- Higher-quality construction work
- Greater cost certainty
- Lower project cost

Using a CMAR procurement method for the development of the Eureka Operations Complex would involve a series of steps. The City would circulate a request for proposals for both the Construction Manager at Risk (construction manager/contractor) as well as a call for proposals for architecture and engineering services (design consultant). The City would evaluate and score all submittals and recommend a contract award for an architect and engineer (AE), as well as a contract award for CMAR Pre-Construction Services. The City would then facilitate the schematic design

and design development phases with the AE and CM, resulting in detailed schematic plans and detailed project estimates.

Through the schematic design phase, the new utility connections would be designed, along with schematic level electrical and mechanical designs, which are large cost items for the project and therefore should be detailed early in project planning to ensure accurate project budgeting.

### **Project Funding Package**

Cost estimates, from schematic design, would be used to build the project construction budget, assist staff in reviewing source of funds, available funds, potential financing, and preparing a proposed funding package for City Council consideration.

### **Final Design & Contract Award**

Following procurement, schematic design, and project budgeting, the project would move into final design, construction documents, and the CM would propose a Guaranteed Maximum Price (GMP). The City would then award a construction contract to the CM for the agreed upon GMP, or potentially terminate the services and pursue other methods, such as hard-bid, for a construction bid and award. The recommended award of a construction contract would be presented to the City Council for approval and authorization.

### **NEXT STEPS**

There are a few immediate steps proposed:

- Utilizing the concept level project estimates, staff would begin to explore potential sources of funds, financing options, proposed budget allocations and return to City Council at future date,
- With Council authorization, staff would facilitate procurement methods including the Construction Manager at Risk method, consistent with State and City purchasing codes.

### **SUGGESTED MOTION**

*“I move the City Council approve the recommended action items.”*

### **ATTACHMENTS**

None