



# ***Agenda Report***

## ***Fullerton City Council***

**MEETING DATE:** JANUARY 18, 2022

**TO:** CITY COUNCIL / SUCCESSOR AGENCY

**SUBMITTED BY:** JEFF COLLIER, ACTING CITY MANAGER

**PREPARED BY:** MEG MCWADE, PUBLIC WORKS DIRECTOR  
DAVID GRANTHAM, PRINCIPAL CIVIL ENGINEER

**SUBJECT:** HOPE CENTER BUILDING IMPROVEMENTS

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### **SUMMARY**

Allocate funding to the HOPE Center Building Improvements Project, award construction contract to Genesis Builders, Inc. for building improvements and ratify the City Manager's award of a construction contract to Environmental Remediation Contractors, Inc. (ERC) for the abatement of asbestos and lead paint at the HOPE Center building.

### **RECOMMENDATION**

1. Approve plans and specifications for the HOPE Center Building Improvements Project.
2. Approve the following budget transfers and appropriations in Project 55056 HOPE Center:
  - Transfer \$650,000 in approved CDBG Funds (Fund 35) to Project 55056 HOPE Center (Fund 74).
  - Transfer \$85,000 Facility Capital Repair Funds from Project 55052 Annual Facility Maintenance Projects (Fund 70) to Project 55056 HOPE Center (Fund 74).
  - Approve and appropriate \$825,000 from one of two available funding options:
    - a) Approve use of \$825,000 ARPA funds under the 'Revenue Replacement: Provision of Government Services' allowable category to Project 55056 HOPE Center (Fund 74).

OR

- b) Approve and allocate \$825,000 available General Fund reserves to Project 55056 HOPE Center (Fund 74).
3. Award \$714,235 construction contract for the HOPE Center Building Improvements to Genesis Builders, Inc. and authorize the City Manager, or designee, to execute the contract in a form approved by the City Attorney.
4. Ratify City Manager's award of \$66,650 construction contract to Environmental Remediation Contractors, Inc. (ERC) for the abatement of asbestos and lead paint at the HOPE Center.
5. Authorize Public Works Director, or designee, to approve any future change orders for construction and professional construction support services within the approved project budget.
6. Approve reimbursement of Facility Capital Repair Funds (Fund 70) expended on the HOPE Center from any remaining project savings and non-grant funds upon conclusion of the project.

#### PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statement/s:

- Infrastructure and City Assets.
- Fiscal and Organizational Stability

#### FISCAL IMPACT

The HOPE Center Project cost estimate equals \$1,560,000, currently funded at \$735,000 from the following funding sources:

- Building Renovation - \$650,000 Community Development Block Grant (CDBG-CV Round 2)
- Building Abatement - \$85,000 Facility Capital Repair Fund (Fund 70).

This project requires \$825,000 additional funding to complete the project improvements as the overall scope includes building renovations, site improvements, IT improvements, permitting, inspection and project management. Staff requests use and allocation of \$825,000 ARPA funds to the project for a total project budget of \$1,560,000. Should City Council not elect to utilize ARPA funds, staff requests an appropriation and budget transfer from the General Fund to complete the project. Staff has attached a Budget Data Sheet / Summary of Bids and the contractor's Bid Schedule for reference (Attachments 2, 3 and 4 respectively).

#### DISCUSSION

##### *Project Background*

The City of Fullerton is a founding member of the North Orange County Public Safety Collaborative (Collaborative). The Collaborative, formed in 2017 by Assembly Bill 97, had an initial membership of six cities and has since expanded to the following eleven cities:

Anaheim, Brea, Buena Park, Cypress, Fullerton, La Habra, La Palma, Orange, Placentia, Stanton and Yorba Linda.

AB 97 established the Collaborative with a four-year funding period ending on June 30, 2021, requiring the Collaborative to spend their State funds in accordance with the language in the bill. The Collaborative used funding for the following purposes:

1. Programs to address youth violence prevention and intervention in K-12 schools.
2. Programs to promote and enhance the successful offenders reentry into the community.
3. Programs to address homeless outreach and intervention efforts.

Participating agencies sought ways to continue collaborative task force efforts in anticipation of State funding ending on June 30, 2021. Through this process, the Collaborative recently rebranded as the North Orange County Collaborative and Project HOPE (Homeless Outreach and Proactive Engagement) Team. HOPE will bring together private and public resources to engage with those experiencing homelessness with the mission to bring the right resources, in the right way, right now. The HOPE Center builds on the regional collaboration of the North Orange County cities who have taken the unprecedented step of working together to address homelessness on a regional basis.

The HOPE Center provides a centralized home for stakeholders to share resources and ideas to better serve people experiencing homelessness in Fullerton and surrounding areas. The Center will open for regional partners, staff and volunteers servicing the homeless population only. Partner agencies, St. Jude, Cal OPTIMA, other organizations and local, state and federal elected officials support the HOPE Center concept as a collaborative approach to addressing homelessness.

Project HOPE will proactively address homelessness through extensive outreach and engagement with a strong partnership with mental health professionals, while lessening the first response of law enforcement personnel related to homelessness calls as well as fire personnel responding to lower-level medical calls.

The City will contribute to the HOPE project by coordinating and funding improvements to the project building (located at 2050 Youth Way – adjacent to St. Jude Hospital) and site. See Attachment 5 for the project map. The Collaborative anticipates ongoing operation of the site staffed and funded by the Collaborative with the City funding any shortfall at the onset of the project utilizing available budgetary resources including housing funds, grant opportunities or partnerships and/or possibly the General Fund. The City budget contains Fullerton staff costs (Part-time Homeless Case Managers, Homeless Liaison, etc.) and will continue in the same manner. The HOPE project will also have other costs such as electrical, mechanical equipment servicing, janitorial and IT needs, etc., with IT costs estimated at \$20,000 per year. To address these operational costs, staff will establish a contribution model for the Collaborative partners who cannot afford to assign personnel to the Center but can afford a monetary contribution. Staff anticipates the Collaborative can cover ongoing expenses through those negotiated partner contributions with negotiations currently taking place.

*Building Abatement*

As part of the design process, the City tested existing building materials for the presence of asbestos or lead. Results of the testing indicated the presence of asbestos in the acoustic (popcorn) ceilings, vinyl floor tile and associated mastic (glue) and joint compound used on gypsum board (drywall). Testing found lead in the ceramic floor and wall tile and paint on the access ladder and windowsills.

Staff elected to address abatement prior to the start of the building improvements. Based on previous abatement work at City facilities, staff estimated this cost to equal less than \$50,000. City staff would also help reduce costs by completing items such as restroom fixture removals (toilets, baby changing station, etc.) cabinet removals, electrical circuit shut off, etc. As a result, the City solicited bids from six firms specializing in hazardous material abatement.

The City received four bids on December 3, 2021, with base bid costs ranging from \$64,467 to \$136,079. ERC submitted the low base bid of \$64,467. The bid also included an alternate cost to remove a large entrance lobby window at a future time (due to building security concerns if removed prior to building renovation activities) for a cost of \$2,183. Staff reviewed the proposal and found it acceptable. Staff recommended the City Manager award the base bid and bid alternate to ERC in the amount of \$66,650.

The contract cost is higher than expected due to overall construction activity cost increases, supply chain delays, COVID impacts and documentation requirements. While the recommended contract amount of \$66,650 falls within the authorized limits for the City Manager to award, the bid process followed the process for contracts under \$50,000. The City used the bid process in good faith based on the expected project cost. In addition, the City solicited multiple contractors and discussed the abatement bid at the mandatory pre-bid meeting for the building renovation work. It is highly unlikely re-bidding this work will result in a lower cost, especially including the associated staff time for re-bidding. As a result, staff requests City Council ratify the City Manager's award of the contract to ERC. Facility Capital Repair Funds will fund this work.

#### *Building Improvements*

This project scope will renovate the existing building including providing accessible restrooms, lighting improvements, electrical improvements, mechanical improvements, window replacement, framing and millwork and upgraded data technology and network. Site improvements will also include security fencing and gates, lighting and accessibility improvements.

The City received seven bids on December 3, 2021 for the HOPE Center Building Improvements Project. Genesis Builders, Inc. submitted the lowest bid in the amount of \$714,235. Staff evaluated the bid documents and found them acceptable. Staff also received favorable reference checks. Staff recommends award of the project to Genesis Builders, Inc. Upon approval, Staff will execute the contract (Attachment 6) with construction anticipated to begin in March 2022 and anticipated project completion in late summer 2022.

#### *Additional Site Improvements*

The building improvements scope of work includes providing accessibility from the parking areas to the building entrance. However, during the plan check process, staff

determined that the project requires additional improvements to provide accessibility from the public street. City staff will complete this design and release to bid in accordance with the appropriate procedures and City Council award as necessary. Staff also expects the existing security fencing at the rear of the building will require replacement. Staff has estimated the cost for this work and included in the project budget.

#### *Data and Audio-Visual Facilities*

The building improvements provide connections for required data and audio-visual equipment. In order to meet the City's security needs, staff will coordinate with the City's IT Department to provide the necessary equipment and facilities for City use, but also allow our partner agencies and stakeholders use of separate equipment and facilities. The City's IT Department has estimated the cost of this work and staff has included in the project budget.

#### *Construction Costs*

Staff estimated the initial build out costs at about \$750,000. On January 19, 2021, City Council approved \$650,000 from CDBG-CV Round 2 (CDBG CV2) funding from the CARES Act for the project, with \$100,000 appropriated for the Feed Fullerton program. Due to unforeseen code requirements (expanded ADA compliance / improvements, required parking lot improvements, etc.), supply chain disruption and significant construction cost escalations, staff now estimates the project costs at \$1,560,000. This is a significant cost increase, however, the entire construction industry has seen tremendous increases over the past several years, much attributed to impacts of the pandemic.

Of the current project cost estimate, CDBG CV2 funds has \$650,000 available and the Facility Capital Repair Fund has \$85,000 available to address hazardous material abatement. Staff requests closing the project cost \$825,000 shortfall with ARPA or General Fund monies.

Staff conducted an environmental assessment in accordance with the California Environmental Quality Act Guidelines and determined that the project is categorically exempt.

#### Attachments:

- Attachment 1 – Presentation
- Attachment 2 – Data Sheet / Summary of Bids
- Attachment 3 – Bid Schedule – Genesis Builders, Inc.
- Attachment 4 – Proposal and Contract - ERC
- Attachment 5 – Project Location Map
- Attachment 6 – Standard Contract / Agreement