



# TOWN OF FAIRFAX

## STAFF REPORT

### July 12, 2022

**Continued Adjourned Meeting (from July 6, 2022)**

**TO:** Mayor and Town Council

**FROM:** Hamid Shamsapour, Interim Director of Public Works

**SUBJECT:** Pavilion Seismic Retrofit Project Additional Funding Request

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#### **RECOMMENDATION**

Staff recommends that the Town Council review the information provided in the Staff Report for this Project, determine its overall value to the Town and Community and decide if it deems necessary to allocate additional funding towards the Project at this time. Staff encourages the Council to closely look at all aspects of this Project, like the site sensitivity and dealing with the unknown tribal issue, building condition, construction period, timing, and budget shortfall before making any additional financial commitments. There is a considerable risk associated with this project that should be considered. It is worth noting that, should the Council decide not to go forward with Project at this time, we were told by the granting agencies that the Pavilion Project will be competitive and have good chance for a better grant funding opportunity, up to possibly 90% of the total cost of the Project in the future, should the next grant opportunity become available. The reason is that the Pavilion Project is fully designed and is ready to go to construction. This will not be the case for many other projects during the next declared disaster in California. We have not yet received final approval from California Office of Emergency Services (CalOES) & the Federal Emergency Management Agency (FEMA) for our request for additional \$200,000 funding and 6 months time extension. The Staff Report, the recommendation, and the request for possible approval of additional funding by the Council, is conditioned upon receiving approval from CalOES & FEMA. This Staff Report is before you at this time, in order to comply with and meet the agencies' next condition, as described later in this Report. If the Council decides not to allocate any additional funding to this Project, the process will stop, and the grant will be pulled away by FEMA.

#### **INTRODUCTION**

This project has been in process for several years. Much of that time was spent deciding on protocol procedures such as MOU vs MOA vs PA agreements, Office of State Architect/SHPO determinations and clarifications, and longer than expected document reviews. As can be found in the quarterly reports and the nine-time extension requests, the Town missed no deadlines, and wasn't responsible for delays, but was frequently waiting for necessary coordination or providing previously unforeseen documents requested by CalOES/FEMA (canine forensics, historic architectural review, hazmat survey etc.) Additionally, in 2020 a major increase to the project scope was approved, which necessitated the last extension. The Town did meet the deadline for completion of Phase I of this project. The current end date for this project is May 22, 2023.

Town staff have taken the following steps in recent months:

-In order to minimize problems during construction, the Town had a third-party constructability review performed on the project documents. The Town also submitted the plans to a third-party review for issuance of a building permit. Comments were incorporated and the plans are ready for bidding.

-The specifications were given a second look by the Town Attorney in order to minimize risks and delays, and the specifications are also ready for bidding.

-The Town has executed contracts with FIGR for monitoring and with Origer for archaeological excavation and monitoring. Additionally, the Town has a proposal for construction management which is ready to be executed.

- We evaluated different project approaches to save time and money, as will be described below. Despite all the good work done, there are serious challenges regarding both time and money.

### **ANALYSIS**

The proposed change in scope can be described briefly as a scope reduction which defers the upgraded plywood roof diaphragm element of the planned seismic retrofit, unless bid prices at the time of award allow for its inclusion. Along with the Americans with Disability Act (ADA) improvements, the project's previously approved scope included seismic work consisting of a new perimeter foundation, new cripple wall framing, new shear walls and hold-downs, wall strengthening, and the upgraded roof diaphragm. The roof work is readily isolated from the rest of the proposed work due to its inherent physical separation from the Pavilion foundation and walls. No other changes to the project are proposed, and even the roof work is still included in the plans and specifications. The roof work is structured as an additive alternative bid item, so that should bid prices allow for its cost (approximately \$720,000), the roof work will be included. The plans and specifications are essentially the same as the 95% submittal, with only corrections, clarifying details, and administrative changes.

The current Scope Of Work (SOW) consisting of the above elements was approved in November 2020 subsequent to a SOW and Budget Change request to the original Hazard Mitigation Grant Program (HMGP) funded project. The original SOW, based on a much smaller project budget, only included partial foundation work and framing, and did not include the roof work.

The reason for the SOW reduction is that current construction estimates for the project exceed available funds from the Program or the Town. The proposed budget change description below details a three-pronged approach to addressing the issue by 1) proposing a reduction of one element of the SOW, 2) requesting additional funds, and 3) committing an overmatch to the required 25% local match.

The budget change can be described as an increase of \$435,000, of which \$200,000 is requested from the Hazard Mitigation Grant Program, and the additional \$235,000 is to come from Town funds as a program overmatch.

The following specific items describe the SOW and budget change justification:

- **Reason for SOW and Budget Change-** The primary reason for the SOW reduction and budget increase is directly resultant from major systemic cost issues that have arisen since the previous SOW and budget increase were requested in November of 2019. Since November 2019, there have been global and statewide events affecting all costs, but particularly construction costs. Those events are supply/demand imbalances and labor shortages created by COVID-19 pandemic issues, greatly increased inflation rates, major northern California wildfires causing skyrocketing material costs, and the 2021 global supply chain crisis. All these factors were unforeseen and beyond the Town's control. In addition to the above, the original budget increase request omitted a significant portion of the project's construction management efforts, which are critical to project success.
- **Cost Estimate Description-** The original grant was for \$600,000 (inclusive of local match). On November 20, 2020, FEMA approved a total project cost of \$2,547,951 (inclusive of local match). The currently estimated total project cost with the reduced scope is \$2,983,000, leaving a shortfall of \$435,049. \$200,000 is requested from the HMGP fund and \$235,049 is proposed to be an overmatch by the Town. The current total project cost can be broken down into the following elements:

Phase I (completed and paid):	\$ 262,000
Construction (w/reduced scope):	\$2,266,000
Construction Management:	\$ 455,000
TOTAL	\$2,983,000

Regarding the local match and overmatch, it is proposed as follows:

Total costs less Phase 1 paid and not counting \$235,000 overmatch:	\$2,486,000
25% Local Match:	\$621,500
Town Overmatch	\$235,000
TOTAL Town Commitment:	\$856,500

- **Work Schedule-** The Time Extension is dependent upon approval from CalOES/FEMA. The anticipated completion of the project is revised from May 23, 2023, to November 23, 2023, should the extension be granted.
- **Reason(s) for delay-** The reason for the delay is based on two considerations. First, a major portion of the work is seasonal in nature which warrants avoiding excavation during winter months. With the November 2020 Phase II approval, the project kickoff meeting in late December 2020, and built-in lead times prior to construction for advertising, award and notice to proceed, the Town intended to avoid the possibility of wet weather construction and start the project in early 2022, as the project was

scheduled to take six months to completion. Second, last July the Town received an updated construction estimate which drastically increased project costs, and well beyond the current budget or Town resources. The Town worked diligently to reduce costs, verify the estimate, and consider alternatives such as phasing the work, however, there was still a shortfall. By early April, it was clear that the only path forward was to request additional funds. The issues were presented to CalOES, FEMA, and Federated Indians of Graton Rancheria (FIGR.)

- **Current status of the project-** If approvals are received from CalOES/FEMA and the Town Council, the project is ready to be advertised, awarded, and constructed.
- **Plan for completion, including Go/No Go Milestones-** If approved, the plan is to reduce costs by isolating the roof diaphragm work as a bid additive alternate item, and increase funds by obtaining \$200,000 from the HMGP fund, along with \$235,000 additional funds from the Town in the form of an overmatch. The Town would then advertise the project in August 2022 with construction expected in early November. As the work is seasonal, steps may be taken to allow for wet weather construction. Additionally, the project time of completion will be extended from six months to eight months to allow for possible delays. There will be a series of go/no go milestones as follows. These dates are dependent upon CalOES/FEMA approval, which is under review.
  - Town Council approval of local match and overmatch- July 6, 2022
  - Town Council authorizes permission to advertise- August 3, 2022
  - Mandatory contractor pre-bid meeting- August 31, 2022
  - Bid opening- September 21, 2022
  - Town Council awards contract- November 2, 2022

### **FISCAL IMPACT**

- **Based on the existing budget, the current total project budget is:**  
\$2,547,951, of which \$1,921,964 is the Federal (75%) share, and \$626,987 is the local (25%) share. Of this amount Phase I billings (which have already been paid) totaled \$262,420, of which \$196,815 was the Federal (75%) share, and \$65,605 was the local (25%) share. Remaining funds are presently \$1,714,148 Federal (75%) share and \$571,382 local (25%) share.
- **The Council is being asked to consider the following additional financial commitments:**
  1. Commitment of Additional \$235,000 now. This is in addition to the Town's 25% share of the Project Cost.
  2. Commitment of additional \$100,000 to \$350,000 during the construction for the potential unexpected discoveries, cost increases and change orders. This is in addition to the Town's 25% share of the cost.