

CITY COUNCIL STAFF REPORT

MEETING DATE: FEBRUARY 15, 2017

PREPARED BY: Yat Cho – Senior Project Manager/Engineering & Utilities Department
Chris Ghione – Director/Community Services Department
APPROVED BY: City Manager

..TITLE

AWARD OF THE DOWNTOWN PARKS PROJECT

..END

RECOMMENDATION(S)

..RECOMMENDATION

1. Adopt a resolution amending the Fiscal Year 2016/17 Budget and appropriating an additional \$2,053,000 from the Park Impact Fund (301);
2. Approve project plans and specifications;
3. Award contract to Suarez and Munoz Construction, Inc. for the Downtown Parks Project in the amount of \$5,030,000;
4. Authorize the expenditures of construction contingency funds not to exceed \$503,000; and
5. Authorize the City Manager to execute the contract.

..BODY

COUNCIL PRIORITIES, GOALS & STRATEGIES:

Ongoing Priorities

Enhancing Public Safety
Supporting Youth
Protecting the Environment

2016 Focus Areas

Developing Our Community
Enhancing Our Services

POLICY CONSIDERATIONS:

1. Understanding that approximately 35 percent of construction costs would be paid for by grant funds, should the City:
 - a. Move forward with the full project, or
 - b. Eliminate alternative options with the potential to save \$577,500 in Park Impact funds for other projects identified in the draft Bikeways, Trails, Parks and Recreation Master Plan?
2. Should the City construct a downtown restroom with the understanding that additional ongoing maintenance costs will be incurred?
3. Should the City consider investing in public art within these parks?

REPORT NARRATIVE:

Background

The initiation of the downtown park project began in February 2014, when the City Council directed staff to begin work on the Downtown Placemaking Investment Strategy. As the strategy unfolded the parks became a key component of planning the future downtown area, with the park sites being identified at opposite ends of Third Street “bookending” the center of downtown. The

parks concepts were designed through extensive outreach with the downtown and the community as whole, and are anticipated to be highly used by residents living in the higher density downtown area as well as others who visit the downtown.

Following the approval of the concept designs in October, 2015, the City Council approved an agreement with Verde Design, Inc. to develop final designs and construction documents for the proposed downtown parks and trails. The plans, specifications, and estimates (PS&E) were completed in November 2016 and the project was advertised for bidding in December 2016.

Project Scope

If approved, the project will create three park areas with a variety of amenities, which together, will provide a comprehensive park experience for downtown residents and visitors. The design of "Depot Park" focuses on an active park with play equipment designed to serve younger children and families. The park location is at the southeast corner of Depot Street and Third Street. The "Downtown Creek Park" would be constructed on the north side of West Third Street on City owned property. This park and access to the "Hilltop Trail" are unique in that they would be constructed next to existing residences. The park would utilize the area's natural features to provide a welcoming park area just steps away from the City's downtown. The "Hilltop Trail" will connect Third Street to Fifth Street at Del Monte Avenue via a walking path and provide locations for par-course equipment and a hilltop slide. The "Hilltop Trail" will also help the City reach its goal of connecting the West Little Llagas Trail to the downtown.

The project plans to convert the section of roadway west of the Third Street Bridge and south of Nob Hill Terrace on Del Monte Avenue to a one way street (westbound from the bridge). By reducing the traffic to one direction and reducing the width of the street, enough space would be available to place the trail safely next to the street. It is important to note that the project will significantly improve the infrastructure in the project area by reconstructing the streets, adding sidewalk, and replacing an aging bridge. These infrastructure improvements are essential to the park facilities and will also greatly enhance the downtown.

The scope of work for the project specifically includes the following:

Depot Park:

- Demolition of existing site, pavement, and existing amenities.
- Site preparation including earthwork, utility installation, earthwork, material export, grading, and site drainage.
- Construction of site playground amenities, surfacing fencing, parking, playground area, paving, sidewalk, fencing, signage, sound wall, site furnishings, irrigation, planting, electrical, signage, and striping.
- Coordination of all work with the City and utility representatives.
- Add Alternate No.1 is the construction of a pre-fabricated restroom building, including building pad and utility connections.

Downtown Creek Park:

- Demolition of existing paving/roadway.
- Site preparation including earthwork, utility installation, earthwork, material export, grading, and site drainage.
- Construction of play structure areas, curb and gutter, roadway reconstruction, sidewalk, pathways, fencing, bridges, signage, site furnishings, irrigation, planting and electrical.
- Coordination of all work with the City and utility representatives.

Hilltop Trail

- Site preparation including clear grub, earthwork, grading, site drainage and utility installation.
- Construction of fencing, softscape, AC paving, sidewalk, trails, retaining walls, signage, site furnishings, irrigation, planting and electrical work.
- Coordination of all work with the City and utility representatives.
- Add Alternate No. 2 is construction of a slide area, including two custom slide sections and associated stairs, handrails, and retaining walls and trails within the area.

Bids Received

The bid opening was held on January 31, 2017 and four bids were received. While there were two add alternates as part of the bid documents, the lowest responsible base bid was established as the criteria to determine the low bidder.

	Base Bid	Add Alternate #1	Add Alternate #2
Suarez and Munoz Construction, Inc.	\$4,555,000	\$300,000	\$175,000
C.S. Legacy Construction, Inc.	\$4,812,775	\$258,549	\$106,656
Stockbridge General Contracting, Inc.	\$5,250,000	\$244,000	\$111,000
D-Line Constructors, Inc.	\$5,324,063	\$296,000	\$94,810

The low bidder, Suarez and Munoz Construction, Inc. has been in business for 11 years and has completed some small projects for the City of Morgan Hill, including a landscape conversion project at the Aquatics Center and concrete repair projects. Suarez and Munoz Construction, Inc.'s base bid along with add alternate #1 and add alternate #2 (\$5,030,00) is approximately 15% greater than the engineer's estimate of \$4,350,000. Staff considers the higher than expected bids to be due to a strong construction climate and the complexity of this project.

The plans and specifications are available for review on the City's web page under the government tab and Community Projects site at the following URL:

<http://www.morgan-hill.ca.gov/DocumentCenter/Index/1954>

Project Budget

In the September 21, 2016 staff report, it was expressed to the City Council that the current project budget for the construction of the three parks was underfunded. The cost estimate for construction at that time was \$4.8 million. The Council approved the designs at that time, with the understanding that a budget adjustment would be necessary once bids were received. The low bid for the project is even higher than estimated in September, requiring an even larger appropriation of funds. The additional funds needed to fully fund the project total \$2,053,000.

Public Art

The Library, Culture and Arts Commission has recommended that public art be included in the project. The additional appropriation recommended would provide for \$55,000 to fund three public

art pieces. These would include a mural on the sound wall at the Depot Park (\$20,000), a bike rack art contest for the Depot Park (\$15,000), and a public art piece to be determined in the Downtown Creek Park (\$20,000).

Park Impact Fund Implications

There are adequate unappropriated funds in the Park Impact Fund (301) to support the recommended action increasing funding for this project, but this appropriation would impact some other park related project priorities within the City’s draft Bikeways, Trails, Parks and Recreation Master (BTPR) Plan. This draft plan will be received by Council on February 22, 2017. With this additional appropriation, the fund balance would be reduced to approximately \$185,000 to start Fiscal Year 2017/18. The fund is anticipated to receive \$2.6 million dollars in revenue in Fiscal Year 2017/18 and approximately \$1.2 million per year in revenue in the subsequent years.

301 - Park Impact Fund								
	2015-16 Actual	2016-17 YTD Actual as of 1/31/17	2016-17 Projected	2017-18	2018-19	2019-20	2020-21	2021-22
Beginning Fund Balance	10,751,523	7,162,036	7,162,036	185,412	71,528	1,036,656	2,020,031	3,011,621
Total Revenues	2,304,589	786,177	2,808,696	2,586,266	1,231,786	1,171,614	1,181,489	1,191,437
Total Expenditures	5,894,077	584,233	9,785,319	2,700,150	266,658	188,239	189,899	193,496
Ending Fund Balance	7,162,036	7,363,980	185,412	71,528	1,036,656	2,020,031	3,011,621	4,009,562

Note: This forecast does not include any potential grant funds that have not yet been awarded.

Staff is recommending moving forward with the project at this time ahead of the prioritization of projects through BTPR Master Plan Update as the planning for this project predated that effort. Significant effort has gone into the planning of the parks, including involvement by a number of community members, downtown businesses and numerous meetings with residents. The project currently has high support, even from residents living very close to the park. While staff attempted to time the project bid to receive the lowest cost proposals, it is apparent that construction costs are much higher than anticipated. It is not believed this bidding climate will change in the near future and the current grant funding awarded to the project are factors in the recommendation to move forward with the project at this time. This project will receive approximately \$1.9 million in grant funds, of which \$1,000,000 must be utilized by June 30th this year.

Operations, Maintenance, and Restrooms

Maintenance and operations of the Downtown Parks have been planned and allocated for in the City’s Fiscal Year 2016/17 & 2017/18 Budget, with the exception of ongoing maintenance of the restroom facility. Should the restroom facility be constructed, the City would need to commit an additional \$25,000 annually from the General Fund for this ongoing maintenance. This maintenance cost has been minimized by the proposed installation of a restroom building that is self locking and self cleaning. Should the Council not wish to commit these ongoing funds, then the add-alternate for the restroom should not be awarded.

Parking Considerations

“Depot Park” is planned to be located in the current parking lot adjacent to Depot Street just south of the train platform. It would replace 54 parking spaces in that lot. The loss of parking spaces for the downtown was identified and accounted for in the 2016 Downtown Parking Conditions Study. The park would be served by the adjacent remaining parking and nearby parking capacity is available within the Parking Structure and VTA lot.

Anticipated Project Schedule

Award Construction Contract
Commence Construction
Complete Construction

February 15, 2017
March 15, 2017
November 30, 2017

COMMUNITY ENGAGEMENT: Inform

Since 2014, staff has made a concerted effort to inform the overall Morgan Hill community, downtown businesses, and nearby residents. The outreach, as noted in the September 21, 2016 staff report, has included:

- May 1, 2014 public meeting on parks and trails
- November 13, 2014 downtown business meeting on parks and trails
- November 13, 2014 public meeting on downtown parks and trails
- Four separate meetings with downtown residents on 3rd Street
- Three meetings with PRC Subcommittee and City staff with design consultants
- Multiple one on one meetings with individuals and business owners
- November 18, 2014 PRC review of community input
- May 7, 2015 meeting to review concept designs by downtown residents
- May 14, 2015 public meeting to review concept designs
- May 19, 2015 review of concept designs by the Parks and Recreation Commission
- June 23, 2015 review of concept designs by the Planning Commission
- June 14, 2016 open house for review of final designs by the public
- June 21, 2016 review of final designs by the Parks and Recreation Commission

In addition to the formal meetings listed above, City staff has met with groups of downtown residents, individual residents, and a sub-committee of the Parks and Recreation Commission on numerous occasions.

Prior to and during the construction phase of this project, notifications and updates will be provided to the residents and nearby businesses. Staff will also provide updated information on the City's website throughout the project.

ALTERNATIVE ACTIONS:

1. The City Council could award the Downtown Parks Project with only the base bid eliminating the Restroom and Hilltop Slide for \$4,555,000 (\$5,010,500 with contingency).
2. City Council could award the Downtown Parks Project with Add Alternate #1 only (Restroom) in the amount of \$4,855,000 (\$5,340,500 with contingency). If the restroom is not constructed at this time, future construction costs will likely be greater as installation of utilities would go through the developed project site.
3. City Council could award the Downtown Park Project with Add Alternate #2 only (Slide at "Hilltop Park" in the amount of \$4,730,000 (\$5,203,000 with contingency). If the Council elected to eliminate the Hilltop slide option, later construction of this facility would not add to the project expense in the same way it would for the restroom. Additionally, some local community groups have expressed interest in sponsoring the slide construction, but as of the report date, no commitments have been made.

4. The City Council could choose to eliminate or reduce the \$55,000 intended to be allocated for Public Art within the parks.
5. City Council could opt to reject all bids and direct staff to value engineer the scope and rebid the project with the intention of receiving a lower price. However, time is of the essence as approximately \$1 million in grant funds are required to be spent by June 30, 2017 and there are no guarantees that bids will be significantly lower.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

June 16, 2014 – The City Council authorized the City Manager to enter into a consultant agreement with Joni Janecki & Associates for concept design for the downtown parks and trails.

May 19, 2015 – The Parks and Recreation Commission provided input on the concept designs and recommended Council approval, with a public restroom located at the “Depot Park.”

June 23, 2015 – The Planning Commission provided input on the concept designs.

October 21, 2015 – The City Council approved concept designs.

February 3, 2016 – The City Council received an update on the project scope and approved an agreement with Verde Design, Inc. to develop final designs and construction documents for the downtown parks.

August 2, 2016 – The Library, Culture and Arts Commission recommended the City Council include funding for Public Art for this project.

September 21, 2016 – The City Council approved the project scope and designs. Additionally, the Council approved the purchase of two properties from the Santa Clara Valley Water District.

December 7, 2016 – The City Council adopted a mitigated negative declaration for the “Downtown Creek Park.”

FISCAL AND RESOURCE IMPACT:

If approved as recommended, the total contract amount for construction would be \$5,533,000, (which includes a 10% contingency of \$503,000). Additional project expenses, including project implementation (City staff), public art, permit fees, design, environmental, and other construction related costs outside of the contract, add an additional \$1,073,594 in costs making the total project cost \$6,606,594.

The FY 16/17 CIP #135013 for Downtown Parks Project appropriated a total of \$4,051,000, plus \$283,000 in carryovers from FY 15/16. With prior year appropriations and the additional recommended appropriation of \$2,053,000, this project would be fully funded.

Project Component by Funding Source			
Amount	Project Area	Components Supported	Funding Source
\$ 1,925,000	Base Bid Construction	Construction of Park Sites	Grant Funding
\$ 250,000	Base Bid Construction	Walkway Improvements at Hilltop Trail and Llagas Creek Sites	Pedestrian and Traffic Safety Fund (355)
\$ 2,380,000	Base Bid Construction	Construction of Park Sites, Permits, Project Implementation	Park Impact Fund (301)
\$ 455,500	Base Bid Contingency	Contingency for Base Bid for Construction	Park Impact Fund (301)
\$ 799,000	Other Project Related Costs	Project Implementation, Inspection, Permits, Design, and Environmental	Park Impact Fund (301)
\$ 5,809,500	Base Cost Subtotal		
\$ 330,000	Add Alternate 1 w/ 10% contingency	Add Alternate 1 - Restroom	Park Impact Fund (301)
\$ 192,500	Add Alternate 2 w/ 10% contingency	Add Alternate 2 - Hilltop Slide	Park Impact Fund (301)
\$ 55,000	Public Art Funding	Depot Park Mural, Art Bike Rack Program & Art in Downtwon Creek Park	Park Impact Fund (301)
\$ 577,500	Alternates and Art Subtotal		
\$ 6,387,000	Total Costs		
\$ 219,594	Prior Costs Incurred		Park Impact Fund (301)
\$ 6,606,594	Total Project Costs		
\$ (4,051,000)	Budgeted Funds		
\$ (283,000)	Carryovers		
\$ (219,594)	Prior Costs Incurred		
\$ 2,053,000	Budget Amendment		

As noted above, maintenance and operations of the Downtown Parks are included in the City's Fiscal Year 2016/17 & 2017/18 Budget, with the exception of ongoing maintenance of the restroom facility. Should the restroom facility be constructed, the City would need to commit an additional \$25,000 annually from the General Fund for this ongoing maintenance.

CEQA (California Environmental Quality Act):

Project, Description of CEQA requirements

The "Depot Park" and the "Hilltop Park" were declared categorically exempt from the provisions of CEQA per Section 15332 of the Public Resource Code. For the "Downtown Creek Park", an initial study was conducted, and a Mitigated Negative Declaration (MND) and Mitigation Monitoring and Reporting Program (MMRP) were adopted to meet CEQA requirements.

LINKS/ATTACHMENTS:

- 1) Construction Contract
- 2) Resolution
- 3) Exhibit A to Resolution – Budget Scorecard
- 4) Project Location Map
- 5) Site Plans

6) Plans and Specifications (<http://www.morgan-hill.ca.gov/DocumentCenter/Index/1954>)