



# City of Morgan Hill

## Legislation Text

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## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: SEPTEMBER 7, 2016**

PREPARED BY: Karl Bjarke, Public Works Director  
APPROVED BY: City Manager

## **ACCEPTANCE OF DOWNTOWN PARKING STRUCTURE PROJECT**

### **RECOMMENDATION(S)**

Adopt Resolution:

1. Accepting as complete the Downtown Parking Structure Project in the final amount of \$11,221,700;
2. Authorizing the Public Works Director to sign the attached Notice of Completion; and
3. Directing the City Clerk to file said Notice of Completion with the County Recorder's Office.

## **COUNCIL PRIORITIES, GOALS & STRATEGIES:**

### **Ongoing Priorities**

Enhancing public safety

Maintaining fiscal responsibility

### **2016 Focus Areas**

Planning Our Community

Developing Our Community

### **REPORT NARRATIVE:**

On December 17, 2014, the City Council awarded a design-build contract for the Downtown Parking Structure Project to F&H Construction, Inc. in the amount of \$8,580,000. The Council also approved a contingency in the amount of \$170,000 for a total authorized project amount of \$8,750,000. The scope of work for this project included the construction of a 271-stall parking structure in the Downtown between E. Third and E. Fourth Streets with an attached commercial structure facing E. Third Street. The parking structure was one of several construction projects meant to improve placemaking in the Downtown by investing former Redevelopment bond proceeds.

Two other projects slated for completion simultaneously with the parking structure were the reconstruction of E. Third Street and the reconstruction of E. Fourth Street. To accomplish these two projects, on May 20, 2015 the City Council approved a change order to the F&H Construction contract and the necessary additional funding in the amount of \$2,170,000. The total authorized project amount for the Downtown Parking Structure was then updated to \$10,920,000. The project commenced in January, 2015.

Seventeen change orders were executed for this contract (including the one mentioned above for the reconstruction of Third Street and Fourth Street) resulting in an additional cost of \$2,641,700. During the course of construction, the following significant construction issues were addressed with these change orders:

- The asphalt road section proposed for Third Street was replaced with colored concrete.
- The contractor and subcontractors were directed to work overtime and weekends as necessary to accelerate the project.
- The contractor incurred cost and schedule overruns on the structure foundation and east-facing wall panels due to an existing PG&E transformer located on a pole at the southeast corner of the site (for OSHA safety reasons, F&H was not permitted to work near the transformer and had to modify its construction methods and timing).
- The project was delayed because F&H was unable to obtain State approval and certification of the structure elevator.

In total, the change orders equal \$2,641,700. This is an agreed upon amount between City staff and F&H to account for the work performed by F&H and the fact that delivery of the project to the City was delayed as described above. As part of this, City staff agreed to not recommend charging liquidated damages to the contractor for the elevator delay.

In all, the closeout construction costs totaled \$11,221,700 (\$8,580,000 base contract + \$2,641,700 in change orders). Previously approved funding for the project is \$10,920,000 (\$8,580,000 base contract + \$170,000 contingency + \$2,170,000 Third & Fourth Street change order). This leaves a need of \$301,700 which will be paid out of the Downtown Placemaking budget savings from other projects. By accepting the downtown parking structure project, the Council is approving the total project cost detailed above.

The Downtown Parking Structure project was completed in accordance with plans and specifications. Staff recommends acceptance of the project.

### **COMMUNITY ENGAGEMENT:      Involve**

Through the Downtown Placemaking effort and during the design and construction of the parking structure project, significant community involvement took place. Information regarding the status of the project and certain construction issues was disseminated to the community and to the affected property owners and businesses. Feedback from affected property owners and businesses was used to minimize the impacts of construction.

### **ALTERNATIVE ACTIONS:**

Accepting the improvements once the contract is complete in accordance with the contract documents is a required process to complete the construction contract and enables the City to release any retained funds owed to the contractor per the California Public Contract Code Section 7107.

### **PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

- February 5, 2014 - City Council approved a Service Agreement with Watry Design for Design

Services for the Downtown Parking Structure Project.

- June 4, 2014 - City Council approved an Agreement to Purchase the necessary property for the site from Glenrock Builders.
- August 6, 2014 - City Council approved a First Amendment to the Watry Design's Service Agreement to include Preparation of a "Request for Qualifications" for Design/Build Teams preceding the "Request for Proposal."
- October 1, 2014 - City Council approved Staff's recommendation to issue the Request for Proposals to the three top-ranked design/build teams.
- December 17, 2014 - Awarded contract to F&H construction and approved and authorized the City Manager to execute a Design-Build Contract with F&H Construction, Inc.
- May 20, 2015 - Approved Change Order for the Downtown Parking Structure with F&H in the amount of \$2,170,000 to reconstruct Third and Fourth Street between Monterey Road and Depot Street.

**FISCAL AND RESOURCE IMPACT:**

The City of Morgan Hill's adopted FY 2013/14 Capital Improvement Program includes the downtown projects and associated implementation costs. The anticipated expense for these services was included in the approved ROPS 13-14B and the ROPS 14-15A submittal approved by the Oversight Board and by the State Department of Finance. The final contract amount is \$11,221,700. Previously approved funding for the project is \$10,920,000. The difference of \$301,700 will be paid out of the Downtown Placemaking budget savings from other projects also recommended to be accepted at the September 7, 2016 Council meeting.

**CEQA (California Environmental Quality Act):**

Project, Description of CEQA requirements

An Environmental Impact Report (EIR) was adopted and certified for the Downtown Specific Plan. An addendum has been completed for the proposed parking garage and retail project which concluded that the project would not have the potential to result in any new or increased environmental impacts beyond those analyzed in the EIR for the subject site, and therefore, no further environmental assessment is required. As a condition of the approval, the project will be subject to compliance with the mitigation measures of the Downtown Specific Plan EIR.

**LINKS/ATTACHMENTS:**

Resolution

Notice of Completion

Funding Closeout Statement

Project Location Map