



City of Morgan Hill

Legislation Text

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CITY COUNCIL STAFF REPORT **MEETING DATE: SEPTEMBER 21, 2016**

PREPARED BY: David Gittleson, Associate Engineer, Public Works-Engineering
APPROVED BY: City Manager

THIRD AMENDMENT TO CSG CONSULTANTS, INC. AGREEMENT FOR PROGRAM MANAGEMENT SERVICES

RECOMMENDATION(S)

Adopt resolution approving and authorizing the City Manager to execute a Third Amendment to the contract with CSG Consultants, Inc. in the amount of \$300,000, for a total contract amount not to exceed \$1,383,598 for project delivery services through June 1, 2017 for both water and sewer bond projects.

COUNCIL PRIORITIES, GOALS & STRATEGIES:

Ongoing Priorities

Enhancing public safety
Maintaining fiscal responsibility

2016 Focus Areas

Developing Our Community
Enhancing Our Services

REPORT NARRATIVE:

On April 2, 2014, City Council approved the issuance of \$13M in water revenue bonds to fund new capital improvement water related projects. On June 30, 2015, \$8M in sewer revenue bonds were also issued for sewer related capital improvement projects. As with all tax exempt bond proceeds, there is a reasonable expectation that 85% of proceeds will be spent within three years.

Due to the small in-house engineering team and vacancies in both the Utilities Division and the Administrative Services/Finance Department it became necessary to augment the in-house resources with a contract project delivery team. On November 5, 2014, City Council approved an agreement for Program Management Services with CSG Consultants, inc. for \$313,430. The initial term of this contract was only 7 months so that this method of project delivery could be evaluated for its effectiveness in completing the bond funded projects in a timely manner.

Upon concluding that CSG's services were indeed an effective means for delivering projects, the City

Council, on June 3, 2015, approved a First Amendment with CSG Consultants, Inc. for an additional \$639,085 for a total not to exceed amount of \$952,515 and to extend their services through June 30, 2016.

In the approved operating budget for Public Works for FY 2016/17 & 2017/18, the Council included the addition of a new Senior Project Manager to help deliver a variety of Capital Improvements projects. The budget was established with the intention that at the time of hiring this new position, the need for CSG's services would no longer be needed. However, there would be a period during the first half of the 2016/17 fiscal year (awaiting the recruitment and hiring of the new Senior Project Manager) in which CSG would be needed to keep the momentum moving forward on the water and sewer bond-funded projects. Therefore, a Second Amendment was approved by the City Council on June 15, 2016 for an additional \$131,083 and to extend their support services through December 31, 2016.

More recently, City Council approved the creation of the Development Services Department and the Engineering and Utilities Department on August 24, 2016. This new Engineering and Utilities Department calls for one new position to be filled - the Deputy Director of Public Works - whose responsibility it is to manage the Capital Improvements Program. Unfortunately, that position cannot be filled until the new Development Services Department is fully staffed. Given that the Engineering Capital Projects team now has two key vacancies (new Senior Project Manager and new Deputy Director) and because the water and sewer bond-funded projects are in critical design and construction phases, staff is recommending this Third Amendment to CSG's services contract. Projects currently in progress are construction of the 16 inch water main on East Dunne Avenue, construction of the Oak Canyon Booster Station, applying the coating for the sewer vault on Monterey Road, installing a new sewer manhole on Monterey Road, design of the East Dunne Reservoir and booster station, design of the four well pump buildings, design of sewer lift stations D, F, W, J, and K, design of a new sewer main, and the design of miscellaneous sewer point repairs. CSG has contributed significantly in furthering the projects described above, particularly with the bond spending deadlines.

With the approval of this Third Amendment, CSG Consultants will continue to provide staff support services including program and project management responsibilities, scheduling, project prioritization, permits, consultant selection, bid package preparation, cost control and estimating, inspection, community engagement, drafting, hydraulic modeling, construction management, and coordination with Public Works staff for both water and sewer related bond projects. The cost to provide these support services for the water and sewer bond projects is estimated at an additional \$300,000 for the period between December 31, 2016 and June 1, 2017. Thus, staff recommends amending the CSG Consultants contract by \$300,000 in order to continue supporting staff in delivering these projects until additional staff resources become available. Once the Engineering and Utilities team is fully staffed and sufficiently integrated into delivering the entire CIP program, CSG's services will be discontinued.

If this Third Amendment is approved, the recommended not to exceed fee for these services will be \$1,383,598 (\$313,430 Original Consultant Agreement + \$639,085 First Amendment + \$131,083 Second Amendment + \$300,000 Third Amendment). The costs for project planning, design, inspection, and project management were planned for and are included in the bond revenues, and, thus, included in the CIP.

During the course of the program, staff will continually evaluate the consultant's progress and effectiveness in delivering projects and meeting the bond deadlines. CSG's services will only be used as needed.

COMMUNITY ENGAGEMENT: Inform

The bond issuances and consultant agreement and subsequent amendments were approved by the City Council at public meetings. Staff continues to update the community regarding the water and sewer bond projects through Nextdoor and the City's webpage.

ALTERNATIVE ACTIONS:

Council could choose to not approve the contract amendment. The consequences for this could lead to not completing other CIP projects since completing projects with bond funds would be the priority.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

- On April 2, 2014, City Council approved the issuance of \$13M in water revenue bonds to fund new capital improvement water related projects.
- On June 30, 2015, \$8M in sewer revenue bonds were issued for sewer related capital improvement projects.
- On November 5, 2014, City Council approved an agreement for Program Management Services with CSG Consultants, inc. for \$313,430 for services through June 30, 2015.
- On June 3, 2015, City Council approved a First Amendment with CSG Consultants, Inc. in the amount of \$639,085, for a total not to exceed amount of \$952,515 for services through June 30, 2016.
- On June 15, 2016, City Council approved a Second Amendment with CSG Consultants, Inc. in an amount of \$131,083 for water and sewer bond support services through December 31, 2016. The total not to exceed amount was thus increased to \$1,083,598.

FISCAL AND RESOURCE IMPACT:

The cost for this Third Amendment of \$300,000 covers consulting services between December 31, 2016 and June 1, 2017. The approved Capital Improvement Program Budget includes funds to cover this expense without reducing the scope of the planned bond-funded water and sewer projects.

CEQA (California Environmental Quality Act):

Not a Project

The contract is for staffing only and is thus not a project, as defined in Section 15378 of the State CEQA Guidelines.

LINKS/ATTACHMENTS:

Resolution

Third Amendment