



**Honorable Mayor and Members of the Hermosa Beach City Council**

**CITY YARD PROJECT STATUS UPDATE**

(Public Works Director Joe SanClemente)

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**Recommended Action:**

Staff recommends City Council:

1. Direct staff to proceed with issuing the Request for Qualifications for Owners Representative services for the City Yard Project;
2. Advance environmental assessment; and
3. Project programming phases of the project.

**Executive Summary:**

The Fiscal Year 2025–2026 Capital Improvement Program (CIP) includes CIP 615 New Corporate Yard Facilities to fully renovate the City Yard facility at 555 6th Street. The existing facility is in poor condition with a growing sense of urgency for repair and renovation. At its May 13, 2025, Special Meeting, staff presented options for the City Yard project delivery and Council directed staff to seek further input from the Public Works Commission and then return to City Council. At its July 16, 2025 meeting, the Public Works Commission reviewed project delivery alternatives and next steps and recommended to City Council that the project proceed with the design-bid-build project delivery method.

After further consideration of the next steps to advance the project, staff is recommending that City Council direct staff to advance the release of the Request for Qualifications (RFP) for owners representative (OR) services, and associated project programming and environmental assessment tasks, which remain on the critical path to advancing the project under either a design-build or design-bid-build project delivery model. Staff will return to Council at a later date for further discussion on alternative project delivery methods. A plan of finance will need to be developed parallel with these efforts as the project remains largely unfunded.

**Background:**

The Fiscal Year 2025–2026 Capital Improvement Program (CIP) includes CIP 615 New Corporate Yard Facilities intended to fully renovate the City Yard facility at 555 6th Street. The existing facility is outdated and in poor condition with a growing urgency for repair and renovation to ensure continued use and efficient service delivery.

During the 2023 and 2024 CIP Study Sessions, Council indicated a desire for staff to evaluate the potential for the project to proceed through an alternative delivery model (i.e., **design-build** versus the **progressive design-bid-build** method) with the goal of retaining a contractor-designer team through a qualifications-based selection, potential risk transfer, and reducing overall cost and schedule uncertainty.

**Design-Bid-Build (DBB)** is the most common delivery method for public works projects. The process generally involves the City retaining a professional architectural team, through a qualifications-based selection process, first to design the project and then selects a qualified contractor to build the project through a competitive bid process. Often referred to as *low bid* this procurement method is the default contracting method for California cities and many other public agencies under section 20162 of the public contract code.

The **progressive design-build (PDB)** contract structure is allowed for local municipalities under California Public Contract Code section 22185.1. This legislation specifically allows cities to select their design build team for projects based on a best value process. Under the PDB process the city would hire a design-build team (architectural design team and contractor) based largely on their qualifications and track record in prior projects. This type of request for qualifications (RFQ) can be faster and cheaper than going through a traditional two-step process to retain a design consultant and then advertising the project for construction to retain a contractor.

Staff presented a brief presentation comparing both options to City Council during the May 13, 2025, CIP Study Session meeting for initial consideration. At that meeting, Council directed staff to seek additional input from the Public Works Commission on the preferred project delivery method and then return to City Council.

At its July 16, 2025, meeting staff provided a presentation to the Public Works Commission (Commission) comparing the two proposed project delivery methods and the necessary steps to advance the project under either method. Commission passed a motion recommending the City Council consider proceeding with the design-bid-build (DBB) method for the City Yard Project, citing concerns about potential unknowns in the guaranteed maximum price (GMP) at time of contract award and process constraints for design development and review.

**Past Commission and Council Actions**

<b>Meeting Date</b>	<b>Description</b>
<a href="#"><u>May 13, 2025</u></a>	City Council made a motion directing staff to seek additional input from the Public Works Commission and City Council on the preferred project delivery method.
<a href="#"><u>July 16, 2025</u></a>	Public Works Commission reviewed delivery options and made a motion recommending to City Council to proceed with the traditional design-bid-build procurement method for the City Yard Project.

**Discussion:**

In reviewing the concerns highlighted by the Public Works Commission staff has re-evaluated the necessary steps to advance the project and determined that a decision on project delivery method is not required at this time and there are other critical path items necessary to advance the project, under either method, including retaining the services of an experienced owners representative (OR), advancing the project programming, updated environmental assessments, and continued evaluation of financing options which will need to be in place before the project can continue.

*Owners Representative*

Given the size and scope of the project, the City would retain the services of an experienced Owners Advisor (also commonly referred to as an Owners Representative or OR) to supplement City staff. The OR would be hired through a competitively advertised Request for Qualifications (RFQ) process and a contract award would then be considered by City Council.

The OR will manage and oversee the entire Project through all of its phases, including the planning/programming, design, construction document, bidding/negotiation/GMP, construction, and closeout phases. This entails review of financial and engineering performances.

The OR will also assist staff in drafting the multiple solicitations for supporting services and coordinate management and oversight of the contracts, and overall project, throughout the entire process in either a DBB or PDB project delivery model.

The OR helps ensure there are no scope gaps between the various contracts and helps ensure the project is advancing on schedule. For the City Yard Project, staff will seek the services of an OR with established experience as an architect with extensive background in design, alternative project delivery methods, and managing construction of complex public works projects to assist the City with timely delivery of the project.

To advance the City Yard Project further, and refine the City's understanding of the project costs, it is critical to advance the project programming and environmental assessment. These services will be required under either project delivery method. Staff has prepared a draft RFQ (**Attachment 1**) and is prepared to release it for advertisement pending direction from City Council.

### *Architectural Programming*

The City would retain the services of a qualified architectural team to assist the City in developing architectural programming needs for the Project. Architectural programming is a crucial phase in the design process of a building and involves gathering and analyzing information about the needs, goals, and requirements of the City. This effort is anticipated to include, but is not limited to:

- Refine the City's vision of the project to understand their vision, budget, timeline, and any specific requirements the City may have.
- Evaluate space needs and operational constraints.
- List of activities and functions the facility must support.
- Establish relationship between various functions (adjacencies).
- Determine space requirements and square footage targets for each function.
- Prepare preliminary design to develop project programming, site layout needs and consider potential construction phasing.
- Evaluate any technical (e.g., special equipment, sound impacts, technology, etc.) or regulatory (e.g., permitting, environmental, etc.) constraints that need to be considered.
- Coordination with environmental assessment to determine potential impacts or requirements for the Project.
- Preparing preliminary project cost estimates based on refined project program.

This information is used to develop a clear and comprehensive program that will guide the design team throughout the project and help further define project costs.

Regardless of the desired project delivery method for the City Yard, the City will need to identify how to most efficiently construct the project either through phasing or temporary relocation of operations off-site, which may include, but is not limited to, use of the storage lot property located adjacent to City Hall. The architectural programming effort will help provide the technical assistance necessary to further flesh out relocation needs and potential construction phasing. For example, the potential re-use of the storage facility site will require a more detailed assessment by an architectural design team to evaluate spaces re-use options, permit requirements to convert the space for relocated uses, environmental clean-up needs, associated costs, etc. This information will be necessary to make a more informed decision on how to best proceed.

Staff advertised a Request for Qualifications (RFQ) for on-call professional architectural services on August 25, 2025, to replace the City's existing on-call contracts that have either expired, are nearing expiration, and/or are reaching the end their Council approved spending authority. Statements of Qualifications are due on September 18, 2025, and

staff anticipates awarding up to three contracts for Council consideration in October. These professional services are necessary to support the Public Works efforts to maintain the City's facilities and delivery of the CIP and could be used to advance the preliminary architectural programming effort for the City Yard without needing to release an additional project-specific RFQ.

### *Environmental Assessments*

The City will need to complete updated environmental assessments of subsurface conditions and hazardous materials to identify any required site remediation, abatement, and associated permits. With support from the selected Owners Representative, staff would prepare and release an RFQ, subject to Council approval, to retain an environmental specialist to advance this process. This information will be critical to better understand site conditions, requirements, potential costs, and options to phase any construction including early environmental clean-up and certain demolition activities.

### *Project Funding*

The City currently has reserved approximately \$1.9M in funding for the subject project in the Capital Improvement Project fund; one million (\$1.0M) is programmed in the FY 25-26 CIP budget for the project, leaving approximately \$0.9M available for future costs. However, at this time, and without detailed project programming or environmental conditions information, staff is roughly projecting that the anticipated cost be upwards of \$15M to \$20M in total to complete the design, site demolition and environmental remediation, and construction. These figures are a very rough order of magnitude estimate and would be revisited in more detail during the project programming effort and are subject to change. Therefore, the existing funding would be sufficient to advance certain preliminary design and environmental assessment phases of the project, but a plan to finance the remainder of the project will need to be identified regardless of delivery method. Staff will evaluate various potential funding mechanisms such as, revenue bond, loan, and grant opportunities; this effort would run concurrent with the programming effort.

### Next Steps

The City Yard Project could proceed under either delivery method and will depend on City Council's objectives for the project. As more work needs to be advanced to define the vision for the project through architectural programming, evaluate environmental needs and constraints, and funding identification, staff recommends that Council authorize staff to retain the services of a qualified Owners Representative and advancing the other key components of the project. Project delivery options would be discussed at a later date once more information is available to assist with the decision-making process.

### **Fiscal Impact:**

There is no fiscal impact associated with the recommended actions.

**Attachments:**

1. Draft Request for Qualifications (RFQ) for Owners Representative Services

**Respectfully Submitted by:** Joe SanClemente, Public Works Director

**Concur:** John Oskoui, Senior Engineer

**Noted for Fiscal Impact:** Henry Chao, Finance Manager

**Concur:** Brandon Walker, Administrative Services Director

**Approved:** Steve Napolitano, Interim City Manager