



Honorable Mayor and Members of the Hermosa Beach City Council

ADOPT A RESOLUTION AND APPROVE THE INCREASE OF PROJECT CONTINGENCY TO CIP 630 COMMUNITY CENTER GAS LINE REPAIRS

CEQA: Determine that CIP 630, Community Center Gas Line Repairs, is exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Section 15301 (Existing Facilities)
(Public Works Director Joe SanClemente)

Recommended Action:

Staff recommends City Council:

1. Determine that CIP 630, Community Center Gas Line Repairs is exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Section 15301 (Existing Facilities);
2. Adopt a resolution (**Attachment 1**) authorizing the increase in project contingency by \$42,000 from \$46,600 to \$88,600 for CIP 630 Community Center Gas Line Repairs project for a total authorized amount of \$321,600; and
3. Authorize the Director of Public Works to approve contract change orders up to the approved project contingency amount.

Executive Summary:

On September 9, 2025, City Council awarded a construction contract to New Power Contracting for Building Mechanicals in the amount of \$233,000, with a 20% project contingency of \$46,600, for a total authorized amount of \$279,600.

Construction activities have revealed unforeseen site conditions that have required significant use of the approved contingency. Approximately 80% of the contingency has been expended to address these conditions. The remaining Council approved contingency is expected to be insufficient to address any additional unforeseen issues or potential change orders necessary to complete the project. Staff is requesting City Council authorize the Director of Public Works to increase the total project contingency amount by \$42,000 from \$46,600 to \$88,600 and to approve contract change orders up to the amount of the approved project contingency. Sufficient funds are available within the existing project budget to accommodate the contingency increase, and no additional appropriation is required.

CIP 630 Community Center Gas Repairs includes, but is not limited to, abandoning and replacing portions of the existing gas piping system to restore gas service at the City of Hermosa Beach Community Center located at 710 Pier Avenue.

Background:

On March 23, 2024, Public Works staff responded to a strong odor complaint in the south wing of the Community Center and detected natural gas. Southern California Gas Company (SoCalGas) confirmed a gas leak, and the main gas line was shut off as a safety precaution. However, SoCalGas was unable to pinpoint the exact location of the leak, as it appeared to be underground. Subsequent efforts by Public Works staff, a plumbing contractor, and a specialized leak detection firm were unsuccessful due to the gas line running beneath the building and being largely encased in concrete. As a result, staff determined the most prudent and cost-effective solution was to abandon the existing gas line and install new gas lines routed from the roof to improve accessibility and facilitate future maintenance.

On September 9, 2025, City Council awarded a construction contract to New Power Contracting for Building Mechanicals in the amount of \$233,000, with a project contingency of \$46,600, to repair the gas lines in the Community Center (**Attachment 2**). The project's plans and specifications included the following approved scope of work:

- Abandoning existing gas lines;
- Replacing an existing 4-inch gas main line and extending the new main line inside an existing building chase and roof;
- Running new gas lines along the building's roof;
- Extending the new gas lines through the roof and into various areas of the building to reconnect appliances and equipment;
- Installing new valves;
- Properly patching and sealing all roof penetrations;
- Painting new piping to match adjacent wall finishes; and
- Patching, finishing, and replacing ceiling tiles and paint to match existing ceiling.

Construction began in October 2025 and has progressed in accordance with approved plans and specifications. However, unforeseen site conditions have required substantial use of the contingency. During core drilling operations at the south building (gymnasium, classrooms, and Emergency Operations Center), it was discovered that the concrete roof thickness exceeded what was indicated in available records. As a result, the original plan to extend new gas lines through the roof was not feasible. Instead, the new gas lines were re-routed through attic spaces connecting the classrooms, surface-mounted along the gymnasium ceiling, and extended to the EOC utilizing attic access.

Additionally, during construction, asbestos-containing plaster ceiling material was discovered between the drop ceiling system (T-bar and ceiling tiles) and the roof in

portions of the south building. Asbestos-containing debris was also identified in attic spaces of the north building. As a result, these materials required removal by a certified hazardous abatement contractor prior to continuation of work. The remaining Council-approved contingency is anticipated to be insufficient to address any further unforeseen conditions while completing the project. The proposed improvements are necessary to fully restore gas service throughout the Community Center for heating and operation of various building systems and appliances.

Past Council Action

Meeting Date	Description
<u>September 9, 2025</u>	Award of Construction for CIP 630 Community Center Gas Repairs

Discussion:

Staff recommends City Council approve the increase in the contract contingency by \$42,000, which will bring the total project contingency to \$88,600. The additional contingency will provide flexibility to address any remaining unforeseen conditions and allow the project to proceed without delay. Given the age of the facility and the complexity of routing utilities through existing structures, maintaining adequate contingency is prudent to ensure successful project completion. Staff has reviewed the proposed change orders received to date and finds the proposed costs are consistent with expectations and is a good value. As New Power Contracting for Building Mechanicals is currently working in the facility, which has no reliable heat source beyond space heaters, and their ability to self-perform the task (i.e., no sub-contractors) and avoid additional mobilization on the project site, further competitive bidding would not produce any competitive advantage to the City, and likely miss the opportunity to complete much of the work in an expedited manner so that heat can be fully restored to the building.

Environmental Analysis:

The Project is exempt under CEQA pursuant to CEQA Guidelines Section 15301 (Existing Facilities). The proposed work is a minor alteration of existing public structures or facilities involving negligible or no expansion of existing use. No exceptions to the CEQA exemption apply.

Fiscal Impact:

The requested increase of the project contingency totals \$42,000. Approval of the proposed increase will revise the total contract spending authority to \$321,600, including a contingency of \$88,600.

City Council previously approved \$279,600 in spending authority for the construction of the project, including \$233,000 for New Power Contracting for Building Mechanicals and a \$46,600 project contingency.

CIP 630 Community Center Gas Repairs is included in the current Fiscal Year 2025-26 Budget and funded through the Capital Improvement Fund (301) with a total project budget of \$350,000. Sufficient funds are available within the existing project budget to accommodate the contingency increase. No additional appropriation is required.

Agreement Modification Request				
Agreement	Current Authorized Amount	Modified Request Amount	FY 2025-26 Budget Dept. Account #	Total Revised Contract Amount
New Power Contracting for Building Mechanicals	\$279,600	\$42,000	301-8630-4201	\$321,600

Attachments:

1. Resolution Approving Increase in Project Contingency
2. New Power Contracting for Building Mechanicals Contract

Respectfully Submitted by: Michael Dell’Amico, Management Analyst

Concur: Joe SanClemente, Public Works Director

Noted for Fiscal Impact: Henry Chao, Finance Manager

Concur: Brandon Walker, Administrative Services Director

Legal Review: Jason Baltimore, Interim City Attorney

Approved: Steve Napolitano, City Manager