



Honorable Mayor and Members of the Hermosa Beach City Council

**REJECT BID RECEIVED FROM CSI SERVICES AND PROVIDE DIRECTION TO
STAFF FOR CIP 682 PARKING LOT D IMPROVEMENTS PROJECT**
(Public Works Director Joe SanClemente)

Recommended Action:

Staff recommends City Council:

1. Reject the bid received from CSI Services for CIP 682 Parking Lot D Improvements Project; and
2. Direct staff on how to proceed with the project based on the available options as outlined in this report.

Executive Summary:

The Fiscal Year 2024–2025 Capital Improvement Program (CIP) includes CIP 682 Parking Lot D Improvements to fully reconstruct the existing surface lot, while also incorporating storm water infiltration and other environmentally sustainable design elements, landscape and beautification, and bringing the lot up to current accessibility requirements. After receiving and reviewing the one project bid submitted, staff recommends City Council reject the bid and provide staff with direction on how to proceed based on the available options as outlined in this report.

Background:

The Parking Lot D improvement project was first conceived in 2017 to reconstruct Parking Lot D, located at the southwestern corner of Manhattan Avenue and 14th Street, as a demonstration project showcasing a range of environmentally sustainable design elements. The design phase was completed in August of 2024.

The current project includes increasing parking supply from 19 parking spaces to 22, including a combination of 13 standard stalls, 4 compact stalls, 2 electric vehicle (EV) charging stations, 1 Americans with Disabilities Act (ADA) stall, and 2 small “golf cart” EV stalls. The project also includes a parking pay station, a solar panel canopy, stormwater infiltration, native vegetation, ADA ramp from the parking lot onto Manhattan Avenue, lighting, landscaping, and a covered trash enclosure.

At the FY 2024–2025 Capital Improvement Program (CIP) study session held on April 28, 2024, City Council provided staff with direction to pause the current project to obtain

information regarding the costs and feasibility of constructing a parking structure in place of the currently scoped project.

At its Special Meeting of June 4, 2024, after a careful review of the feasibility, cost, and other relevant factors such as additional time required to complete the design phase of a parking structure, and potential loss of grant funds, City Council decided to forgo the alternative option of building a parking structure in lieu of the previously envisioned surface parking lot and directed staff to continue with the effort to finalize the design phase of the project and proceed with the construction phase as quickly as possible.

Per Hermosa Beach Municipal Code Section 17.58.020, “the use of land, and erection, construction or location of buildings or structures in any zone shall require submittal of plans for Planning Commission’s review.” At its meeting of August 20, 2024, the Planning Commission held a public hearing on Precise Development Plan (PDP) 24-10 for the Parking Lot D project. After reviewing public input and staff recommendations, the Commission determined the project met the required findings for PDP approval. The Commission adopted Resolution No. 24-16, approving the project, subject to conditions of approval.

At its September 10, 2024 meeting and subsequent to the Planning Commission’s approval of the project’s PDP, City Council expressed concerns with certain aspects of the project and voted to initiate a *de novo* hearing to review the Planning Commission approval of a Precise Development Plan (PDP 24-10). At its October 8, 2024 meeting, City Council reviewed the aforementioned plan, and after deliberation, adopted Resolution No. 24-7458 approving the Precise Development Plan.

Coastal Commission Permit

The Project is also subject to California Coastal Commission review and approval for a Coastal Development Permit. The application to Coastal Commission required approval by the City’s Community Development Department following the PDP approval. The application is currently under review by the Coastal Commission to determine completeness. Once deemed complete, and assuming no further information is requested that would trigger an additional review period, the Coastal Commission has up to 180 days to either approve or disapprove the project. While staff has been in close coordination with Coastal staff and does not believe that the review and approval will require the full duration, Coastal Commission staff cannot provide a more definitive estimate for the completion of the review and approval process.

Project Funding

The FY 2024–25 CIP reflects a total project budget of \$1,815,838, which includes \$433,650 in grant funds from the Coastal Conservancy (Conservancy), \$423,950 in grant funds from the Safe Clean Water (SCW, formerly Measure W) regional program, \$200,000 of local return SCW funds, and \$758,238 from the City’s Storm Drain fund.

The Coastal Conservancy grant has a current deadline of February 28, 2025 to be expended. The Safe Clean Water grant funding has a current deadline of June 2026 to be expended but does include the possibility of being extend for an indefinite period subject to formal request to the program’s governing board and its discretion. Any significant modifications to the project scope or cost would also require submittal of a grant modification request for consideration and approval. The local return Measure W funds are restricted and the City Storm Drain Funds are a committed funding source for use on stormwater-related projects.

Past Board, Commission, and Council Actions

Meeting Date	Description
<u>March 27, 2018</u>	City Council approved a resolution authorizing staff to submit a grant application to the California Climate Investments Urban Greening Program.
<u>May 16, 2018</u>	Public Works Commission reviewed the preliminary design plans for the Lot D Improvement project and provided feedback.
<u>July 13, 2021</u>	City Council approved a resolution authorizing acceptance of grant funding from the Coastal Conservancy.
<u>January 10, 2023</u>	Two Councilmembers supported returning to City Council with an item updating Council on the status of the Parking Lot D Improvement Project to facilitate a discussion regarding the project and possible project alternatives.
<u>February 27, 2023</u>	A motion was made by Councilmember Detoy, seconded by Mayor Pro Tempore Massey to receive the update on the Parking Lot D project and Conceptual Rendering. The motion carried by a 5–0 vote.
<u>March 28, 2023</u>	Approved a Resolution approving Safe Clean Water program grant funds for the project
<u>April 18, 2024</u>	2024 Fiscal Year 2024–2025 Capital Improvement Program Study Session. Council directed staff to pause on current Lot D Project.
<u>June 4, 2024</u>	Update on project next steps
<u>August 20, 2024</u>	Planning Commission approved the Precise Development Plan for the project.
<u>September 10, 2024</u>	Requested an item be brought before Council to review the Planning Commission’s approval of the project’s Precise Development Plan approval

Meeting Date	Description
October 8, 2024	City Council held a <i>de novo</i> hearing to review the Planning Commission's approval and adopted Resolution No. 24-7458 approving the Precise Development Plan.

Analysis:

On October 08, 2024, the City issued Notice Inviting Bids 24-007 inviting experienced contractors to submit a bid for the project. The project was advertised for formal competitive bids in the local newspaper, on the City's electronic bidding platform Planet Bids, and in relevant construction trade journals.

On October 29, 2024, the City received one bid, which was opened and read aloud by the City Clerk. The bid result is provided in **Attachment 1** and summarized below.

Bid Result Summary

Bidder	Bid Amount
CSI Services	\$1,780,578

The bid submitted by CSI Services is significantly higher than the design engineer's construction cost estimate of \$1,450,000. The budget for the project in the FY 2024-25 CIP is \$1,815,838. This budget amount would not be sufficient to cover the cost of construction submitted by CSI Services with the addition of necessary construction contingency, the cost of construction management, inspection services and material testing. It is estimated that an additional amount of approximately \$242,000 would be required to properly fund the project to allow for the additional costs described above.

A detailed analysis of the bid submitted by CSI services, shows that some of the 143 bid line items were unreasonably high and do not reflect the current public works construction bid environment. Staff also contacted 11 of the contractors who had participated in the bid process, but that failed to submit a bid, to understand the reasons for their lack of participation. Most of the contractors indicated that they were not able to submit a bid due to their current heavy backlog of work and not having adequate resources to take on additional projects. Several of the contractors also indicated that they were deterred from bidding on the project because they needed more time to prepare a bid for the solar components.

Staff recommends rejecting the single bid received on the project. If the City were to proceed with this bidder, it would require allocating additional funds to the project. Additionally, the City does not yet have a Coastal Commission Permit and would have to advance at risk as it is unclear if the City would receive a Coastal Development Permit approval before the Coastal Conservancy funds lapse after February 28, 2025, which would reduce the available funding to just \$1,382,188. Any redesign and readvertising of the project for new bids would take at least three months, which would preclude the City's

the ability to meet the February timeline required by the subject grant. Therefore, it is anticipated that the City will no longer be able to utilize the \$433,650 in Coastal Conservancy grant funds for this project.

Parking Lot D has several deferred maintenance, accessibility, and aesthetic issues that will require attention in the near future that this CIP was intended to address. Any significant resurfacing of the lot would trigger compliance with current accessibility requirements including the construction of the switchback ramp providing access to Manhattan Avenue, as well as bringing the existing driveway apron and adjacent curb ramps up to compliance.

Construction of the ramp would also address the issue of the existing wooden retaining wall that is in poor condition and needs to be replaced. In addition, the existing irrigation is not currently operable, and the landscaping is in poor condition. A very rough order of magnitude cost estimate for this work and resurfacing of the entire lot is anticipated to be approximately \$900,000 including design and construction. This effort would require a redesign which would also require additional staff time to oversee the revised effort and would need to be reprioritized against the delivery of other programmed or future CIPs. In addition, the current local funding may need to be re-evaluated for appropriateness, depending on final scope, since it is using all local stormwater related funding sources. The integration of sustainability elements for the current project allowed the City to leverage grant funds and local storm water related funding sources.

Staff also recommends Council consider the following options for the Project and direct staff on how to proceed:

1. Revise the project design and readvertise to reduce the scope of work to fit within revised budget of \$1,382,188, since the Coastal Conservancy funds will lapse on February 28, 2025. Reduction in scope would include eliminating the carport and photovoltaic system and analyzing other opportunities for value engineering some elements of the project such as the retaining walls and stormwater capture devices.

To advance this option, staff would need to confirm that by eliminating the photovoltaic system the City would still qualify to receive the full grant amount of \$423,950 through the Safe Clean Water funds, which would require staff to submit a grant modification request. It is anticipated that this process would take several months to complete.

Once confirmed that the funding would remain available, staff would then re-engage the design engineer to revise the plans at an additional cost of approximately \$30,000 and is expected to take approximately three (3) months to

complete revisions to the plans and construction documents and readvertise the project.

2. Substantial reduction of scope of the current design by eliminating installation of the carport and photovoltaic system and stormwater infiltration and other environmentally sustainable design elements. The project scope would only include resurfacing and construction of the accessible ramp to provide access from Manhattan Avenue. This option is not in alignment with the City's Low Impact Development requirements for stormwater capture and would no longer be able to utilize any of the current grant or local funding sources that are tied to stormwater and would need to find another funding source to be considered as part of a future budget cycle. A rough order of magnitude cost estimate for this option is \$900,000 including design and construction and would require returning to City Council at a future date to identify non-stormwater funding sources to advance the project.
3. Place the project on hold and revisit it at the time of the FY 2025–2026 budget discussions.

Attachments:

1. Bid Summary Log
2. Bid Documents
3. Contract Documents and Special Provisions
4. Project Plans

Respectfully Submitted by: Jonathan Pascual, Assistant Engineer

Concur: John Oskoui, Interim City Engineer

Concur: Doug Krauss, Environmental Programs Manager

Concur: Joe SanClemente, Public Works Director

Noted for Fiscal Impact: Brandon Walker, Administrative Services Director

Legal Review: Patrick Donegan, City Attorney

Approved: Suja Lowenthal, City Manager