



**REPORT TO REDEVELOPMENT AGENCY
BOARD**

AGENDA ITEM

TO: REDEVELOPMENT AGENCY BOARD

DATE: February 17, 2009

SUBJECT: Allocate 63,000 for a Contract Change Order or Contract Amendments For Utility Hook-ups Pertaining to the Casa del Sol Off-sites

Report in Brief

The City of Woodland's Casa del Sol off-site improvement project, which includes street work, water, sewer, lighting, landscaping, and fencing, has experienced significant delays due to funding and design approval from the State. This delay is threatening a work stoppage at the Casa del Sol Mobile Home Park Rehabilitation project. In order to continue work, the Community Housing Opportunities Corporation (CHOC) needs to be able to identify a temporary source of funds for three utility hook-ups. The three utility hook-ups that are needed is a small part of the City's larger off-site improvement project, which has been delayed until spring 2009. However, installation of the needed two hot tap water tie-ins and one sewer tie-in is essential to avoid a loss of lease revenue and additional relocation costs to pay for temporary housing. Without these funds, the utility hook-ups would likely not occur until August 2009. The funds will be reimbursed from State Workforce Housing Grant funds that have been allocated for this project.

As the Agency Board is aware, the City contracted with Teichert Construction to perform utility rehabilitation work on Lincoln Avenue. Since Teichert remains under contract for this type of work, staff is requesting a cost quote from Teichert and, if it's reasonable, will issue a Contract Change Order to construct the needed water and sewer connections. Staff is proposing utilizing the redevelopment housing set aside funds for this connection. Since Teichert was selected based on a competitive bid solicitation, staff currently has authority to negotiate and authorize a change order provided there is approved funding.

In the event that staff is unable to negotiate a reasonable price with Teichert, then CHOC and its contractor, JDS Builders Group Inc. (JDS), are willing to complete the three utility hook-ups needed with the help of City Public Work's crews to continue construction on the Casa del Sol project. JDS will obtain the necessary approvals and City encroachment permit. CHOC selected JDS to manage and construct the entire Casa del Sol Rehabilitation project originally through a competitive procurement process.

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Allocate 63,000 for a Contract Change Order or Contract Amendments For Utility Hook-ups Pertaining to the Casa del Sol Off-sites

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Staff recommends that the Redevelopment Agency Board:

- Approve up to \$63,000 of the redevelopment housing set aside fund balance for a Contract Change Order to Teichert Construction. In the event that staff is unable to negotiate a reasonable price with Teichert, then allocate \$30,000 of the redevelopment housing set aside fund balance to JDS for utility hook-ups pertaining to the Casa del Sol Off-sites to be completed in collaboration with City Public Works crews;
- Authorize the Executive Director to execute a construction contract with JDS and any other documents necessary to implement this project;
- Authorize the Finance Officer to reimburse the redevelopment housing set aside fund balance with the Workforce Housing Grant funds when received from the State and make all budget changes necessary to accomplish the foregoing.

Background

Since 2000, the Woodland Redevelopment Agency and CHOC have been working to acquire and rehabilitate the Casa del Sol Mobile Home Park. The \$16 million project will result in the construction of a new community center and 157-rehabilitated or new mobile homes. The project also includes new infrastructure, new street frontage improvements, open space, a bus stop, upgraded water and sewer utilities and new streets serving the homes. The off-site improvements are being completed by the City with Workforce Housing and Congestion Mitigation & Air Quality grant funds.

The City of Woodland has experienced significant delays in funding and design approval for the Casa del Sol off-site improvements. Initially, CHOC was managing the project until the City took over the project due to grant requirements. The City tried to obtain the consultant who had been working on the plans under CHOC's management; however, after several months the consultant had still not submitted a proposal for the work and notified the City that they were too busy to finish the plans. It was then that the City's Engineering Division in conjunction with a hired landscape architect decided to complete the plans.

In addition, during the design process the City realized that an easement was missed during the first right of way (ROW) dedication by CHOC. In early January 2008, the City requested CHOC submit the additional dedication yet did not receive it until July 7, 2008. The easement was finally recorded on the Deed July 21, 2008. On July 24th, 2008 the ROW certification package was submitted to CalTrans and the City received the executed ROW certification on September 2, 2008.

In the meantime, staff obtained authorization from the City Council to bid the off-site improvements on July 15, 2008 pending approval by Caltrans and the Federal Highway Administration (FHWA). In October 2008 the project plans and specification were finalized and sent to CalTrans for approval along with the ROW certificate and authorization to proceed with construction review package (E-76 package). The submission to CalTrans also took longer than expected with approval being granted on January 26, 2009.

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This project was scheduled to begin in summer 2008; however, due to the delays detailed above, construction of the East Street improvements will now begin in spring 2009. The project was put out to bid on January 30 and the Engineering Division has scheduled the bid opening for March 3. The City now anticipates awarding a contract at the March 17th Council meeting with the City contractor starting work in early April and completing construction by August 2009.

The City's new proposed project schedule affects CHOC's performance on the Casa del Sol project. In order to not delay the Casa del Sol project and to avoid a work stoppage, CHOC's needs a minimum of two water connections and one sewer connection. The three utility hook-ups are just a part of the larger project the City is going to complete in the spring.

City staff met with representatives from CHOC and JDS, on January 26th to discuss options that would alleviate the work stoppage threat to the project.

Discussion

At the January 26th meeting, it was learned that the installation of the two hot tap water tie-ins and one sewer tie-in is a critical path item for both a portion of mobile home pads in Phase 2 and the occupancy permit for the community center. CHOC already has a commercial tenant ready to sign a lease for the community center and households awaiting new mobile homes. CHOC cannot receive rents on either the mobile homes or the community center until the proper utilities are made available and a certificate of occupancy is issued.

The meeting resulted in three possible scenarios. Staff has evaluated each option and analyzed the possible financial impact each option would have on the Casa del Sol project.

Option 1: CHOC stops work on the on-site improvements until the City has completed the off-site improvements. The City is anticipating beginning on April 13, 2009 with a construction completion date of August 14, 2009. The Certificate of Occupancy would not be received until after that date.

Implications:

The direct cost to the Casa del Sol project is impacted by both time delay and delivery of completed mobile home pads. With this option there is no available water or sewer services for either the mobile home pads (any phase) or the commercial tenant in the community center until August 14, 2009. As a result, the project cannot purchase or install the 30 new modular units until the new underground utilities are working. The total contract for modular homes is \$1.95 million and the units can not be ordered then until July 15, 2009. The local home manufacturer, (Skyline) would prefer to have the order placed by the middle of March to maintain an even flow of work and retain jobs. The commercial tenant cannot execute the lease until the community center receives the certificate of occupancy in approximately August 2009. The cost of this delay is \$60,000 per year for 5 years. Finally and most importantly, the resulting halt in construction progress exposes the project to a potential loss of up to \$1.5 million in cost overruns, and relocation issues with tenants.

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Option 2: The Agency awards funds to CHOC which would amend its construction contract with JDS to complete the two water tie-ins and one sewer tie-in. CHOC would need to notify all funding sources of the contract amendment.

Implications:

The Casa del Sol project has eight funding sources, all of which would have to be notified of the change to the project. This could cause an immeasurable time delay, possibly a delay exceeding the six months CHOC is already facing due to the City's current construction timeline, and could even jeopardize the project's entire funding.

Option 3: The City issues a contract change order of up to \$63,000 to Teichert Construction under an existing contract to complete the water and sewer connections. Alternately, if negotiations with Teichert are unsuccessful, then the City awards \$30,000 directly to JDS to complete a portion of the utility hook-ups with the City Public Work's crews completing the remainder of the work. A description of the off-site improvements to be completed by JDS is included as Attachment B.

With this option, Teichert would be completing the entire scope of work described in Attachment B. If negotiations with Teichert are not successful, a \$30,000 contract would be awarded to JDS to complete a portion of the work and the City's Public Works crews would complete the remaining work, specifically making the utility hook-ups. JDS has been competitively procured for the Casa del Sol rehabilitation project by CHOC and not by the City. Therefore, the City is limited by its procurement policy to a maximum \$30,000 contract for sole sourcing. Public Works crews would be needed to complete the balance of the work.

Implications:

The direct cost to the Casa del Sol project is impacted by a time delay of only one month lease-up to the commercial community center tenant to May 15, 2009; a cost of approximately \$5,000.

Given the three options above, Redevelopment staff believe the best option is number three. This avoids a work stoppage at the Casa del Sol Mobile Home Park and saves the project a potential loss of over \$1 million. The City's Community Development Department, Engineering Division is willing to provide the plans for the three tie-ins.

Fiscal Impact

The proposed action would allocate \$63,000 from the redevelopment housing set aside fund balance. There is no impact to the general fund. The redevelopment housing set-aside fund balance as of June 30, 2008 is \$513,482. These funds will be repaid with Workforce Housing Grant funds when received from the State. The City has a signed Grant Agreement with the State Department of Housing and Community Development dated October 30, 2007 that allocates \$332,101 to the City of Woodland for improvements to the East Street public transit station by providing bus turnout, shelter, sidewalks, and landscaping; and downtown core and redevelopment project area beautification including pedestrian improvements, landscaping, and parking improvements. Under that agreement the City is obligated to spend the funds by June 30, 2010. The City's HCD representative for Workforce Housing funds indicated that these funds will eventually be paid once

the state budget issues are resolved; however, it is difficult to give cities a timeline for when this might happen.

Public Contact

Posting of the City Council agenda.

Alternative Courses of Action

Alternative 1:

- Allocate up to \$63,000 of the redevelopment housing set aside fund balance for a Contract Change Order to Teichert Construction. Or in the event that we're unable to negotiate a reasonable price with Teichert, then allocate \$30,000 of redevelopment housing set aside fund balance to JDS for utility hook-ups pertaining to the Casa del Sol Off-sites;
- Authorize the Executive Director to execute a construction contract with JDS and any other documents necessary to implement this project;
- Authorize the Finance Officer to make all budget changes necessary to accomplish the foregoing.

Alternative 2:

- Cease consideration of using \$63,000 in housing set aside funds for a contract change order to Teichert Construction or the use of \$30,000 in housing set aside funds for JDS to complete utility hook-ups.

Recommendation for Action

Staff recommends that the City Council approve Alternative 1.

Prepared by: Devon Horne
Redevelopment/Housing
Analyst

Reviewed by: Cynthia Shallit
Redevelopment Manager

Reviewed by: Michael Karoly
Senior Civil Engineer

Reviewed by: Barry Munowitch, AICP
Assistant Director

Mark G. Deven
Executive Director
Attachment A: Resolution
Attachment B: Scope of Work

AGENCY RESOLUTION NO. _____

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF WOODLAND TO ALLOCATE UP TO \$63,000 OF THE REDEVELOPMENT HOUSING SET ASIDE FUND BALANCE FOR A CONTRACT CHANGE ORDER TO TEICHERT CONSTRUCTION. OR IN THE EVENT THAT THE CITY IS UNABLE TO NEGOTIATE A REASONABLE PRICE WITH TEICHERT, THEN ALLOCATE \$30,000 OF THE REDEVELOPMENT HOUSING SET ASIDE FUND BALANCE TO JDS FOR UTILITY HOOK-UPS PERTAINING TO THE CASA DEL SOL OFF-SITES

WHEREAS, the Redevelopment Agency of the City of Woodland (the "Agency") is vested with the responsibility to carry out the Redevelopment Plan (the "Redevelopment Plan") for the Woodland Redevelopment Project (the "Redevelopment Project"); and

WHEREAS, the City of Woodland's Casa del Sol off-site improvements project has been delayed approximately a year and is now threatening the progress of on-site improvements being carried out by the Community Housing Opportunities Corporation (CHOC) and causing a potential project loss of over \$1 million; and

WHEREAS, CHOC and JDS Builders Group, Inc. has requested financial assistance to complete a portion of the Casa del Sol off-site improvements in order to avoid a work stoppage on the Casa del Sol Mobile Home Park Rehabilitation Project;

WHEREAS, the City is still under contract with Teichert Construction to perform utility rehabilitation work on Lincoln Avenue; and

WHEREAS, construction services for the Casa del Sol Mobile Home Park Rehabilitation Project has been competitively procured by CHOC to meet the State of California Standards.

NOW THEREFORE BE IT RESOLVED THAT the Redevelopment Agency Board authorizes the Executive Director to:

1. Allocate up to \$63,000 of the redevelopment housing set aside fund balance for a Contract Change Order to Teichert Construction. Or in the event that we're unable to negotiate a reasonable price with Teichert, then allocate \$30,000 of redevelopment housing set aside fund balance to JDS for utility hook-ups pertaining to the Casa del Sol Off-sites;
2. Authorize the Executive Director to execute a construction contract with JDS and any other documents necessary to implement this project;
3. Authorize the Finance Officer to make all budget changes necessary to accomplish the foregoing.

I HEREBY CERTIFY THAT the foregoing resolution was duly and regularly adopted by the Redevelopment Agency of the City of Woodland, County of Yolo, State of California on the 17th day of February, 2009 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Marlin H. (Skip) Davies, President

ATTEST: _____
Sue Vannucci, Secretary



GENERAL CONTRACTORS

January 27, 2009

Scott Shepherd
CHOC Housing
1490 Drew Ave., Ste. 140
Davis, CA 95618

Dear Scott,

The following is a narrative regarding the scope of work which pertains to the proposed modifications to the City of Woodland's Casa Del Sol Offsite Improvement Plans. It is understood that responsibility of the work to be performed at this time lies with the City of Woodland. We are requesting that they release a portion of the work in the current Offsite Improvement Plans to accommodate our present need of utilities on the site.

The work that we are requesting be released from the current Offsite Improvement Plans is as follows:

1. Installation of the 6" fire water tap and supply line near the Cross St. entrance to the site. This will provide fire water service to the community center building.
2. Installation of the 8" domestic water tap and supply line near the Cross St. entrance to the site. This will provide domestic water to the community center building as well as to 17 new modular home sites currently under construction.
3. Installation of the sewer tap and sanitary sewer lateral near the Cross St. entrance to the site. This will provide sewer service to the community building as well as to 17 new modular home sites currently under construction.
4. All trenching, excavation, backfill and road repairs necessary for installations listed above.

All of the necessary taps appear to be in the north bound lanes of East St. and the new lines would extend approximately 5 feet onto the Casa Del Sol site. Necessary permits and traffic control will need to be provided.

The estimated cost of the work in question is \$45,000.

I will forward this information to Devon Horne this afternoon, as you directed.

Sincerely,

Scott Slater
General Manager