



City Council Agenda Statement

Meeting Date: March 5, 2024

Agenda Heading: Staff Presentations

Item Number: D.9

TITLE:

Construction Contract Award and Design Support Services Contract Award for the Urho Saari Swim Stadium / Plunge Renovation Project

RECOMMENDATION:

1. Authorize the City Manager to execute a standard public works construction contract with Morillo Construction, Inc. in the amount of \$12,988,000 for the Urho Saari Swim Stadium / Plunge Renovation Project (No. PW 24-02), and authorize additional funding of \$1,300,000 for construction related contingencies.
2. Authorize the City Manager to execute a professional services agreement with Arcadis for \$329,614 by direct contract award for architectural and engineering support services during the project's construction phase.
3. Appropriate \$9,230,494 from the General Fund Reserves to the Plunge Rehabilitation account (301-400-8186-8236), including a loan of \$4,730,494 from the General Fund to the Capital Improvement Fund, as described further in the "Fiscal Impact" section of this report.
4. Alternatively, discuss and take other action related to this item.

FISCAL IMPACT:

The total budget for construction and professional support services is \$14,617,614.

- \$14,288,000: Construction, including contingencies
- \$329,614: Architectural & Engineering Support

At this time, additional appropriation is needed from the General Fund Reserve to the Capital Improvement Fund to fund the Urho Saari Swim Stadium / Plunge Renovation Project ("Project"). The budget amount is:

FY 2023-24 Budgeted Funds Available: \$5,387,120

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Additional Appropriation: \$9,230,494*

Account Number: #301-400-8186-8236 (Plunge Rehab)

* The additional appropriations consist of the following funding breakdown:

\$14,617,614	Total Construction and Architectural & Engineering Support Services
(\$5,387,120)	FY 2023-24 Adopted Budget Funds Available
\$9,230,494	Additional Budget Appropriation from General Fund Reserves
(\$2,500,000)	Planned General Fund Contribution for FY 2024-25
(\$1,000,000)	LA Chargers Headquarters (Ordinance #1631)
(\$1,000,000)	El Segundo Unified School District Contribution after construction completion (anticipated December 2025)
\$4,730,494	Funding Gap (General Fund loan to Capital Improvement Fund)

Executing the agreements above will generate a funding gap of \$4,730,494 for the Project. Staff recommends that the City Council approve a loan of \$4,730,494 from the General Fund to the Capital Improvement Fund to facilitate project completion. The loan from the General Fund will be reimbursed by a fundraising campaign, with a goal of collecting \$5 million, which is scheduled to launch in spring. The General Fund's Fund Balance will reflect the lower balance until the fundraising campaign reimburses the fund.

Furthermore, until the \$5 million is paid back to the General Fund, the City's General Fund Unassigned Fund Balance may be lowered temporarily below 25% of General Fund Expenditures (25% is the targeted minimum stated in the Financial Policy regarding the General Fund Unassigned Fund Balance). Staff will have a better understanding of the overall fund balance after the fiscal year closes in June.

BACKGROUND:

On November 7, 2023, the City Council adopted the engineering plans and specifications for the Project and authorized staff to advertise for construction bids. The Project will completely renovate the entire facility, including both pools and associated equipment, locker rooms, lobby, offices, bleachers, and terrace. An updated final design was presented to the City Council on June 30, 2023.

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DISCUSSION:

On January 30, 2024, the City Clerk received and opened three bids as follows:

1. Morillo Construction, Inc. \$12,988,000
2. AWI Builders, Inc. \$14,000,000
3. K.C. Restoration Co., Inc. \$17,902,259

The staff reviewed the references and contractor's license status of the apparent low bidder, Morillo Construction, Inc. ("Morillo Construction") and found their contractor's license in good standing and the performance of their work to be satisfactory. Morillo Construction has successfully completed similar projects for other public agencies. Accordingly, staff has found Morillo Construction to be the lowest responsible bidder for purposes of public works contract bidding requirements under state law.

As indicated above, there is a need to borrow \$4,730,494 from the General Fund for the completion of this Project. It is to be noted that the staff has already initiated a fund-raising campaign with a goal of collecting \$5 million. The collected funds will reimburse the General Fund as funds are collected.

As part of such a major project, there is a need for architectural and engineering support services through the construction phase which need to be provided by the design firm. These services relate to the Project's design and include items such as review and approval of shop drawings, procurement and approval of submitted materials, respond to requests for information, and other similar needed services. This is to ensure all the items to be utilized for this Project adhere to the designed drawings and meet the specified specifications. The staff requested a proposal from Arcadis (the architect that designed this facility) for these needed services. Their proposal is in the amount of \$329,614, and staff recommends that the City Council approve the direct award of an agreement for these services to Arcadis.

With City Council's authorization, the Project will commence with pre-construction activities. For a project of this scale, notice to proceed is given in two phases. The first phase is an administrative notice to proceed, which will begin after the award of the project and is defined in the bid documents as 80 working days. This phase is anticipated to be completed around the end of July 2024. The second phase is the construction notice to proceed, with construction anticipated to begin in August 2024 and will be substantially completed by December 2025.

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CITY STRATEGIC PLAN COMPLIANCE:

Goal 4: Develop and Maintain Quality Infrastructure and Technology

Objective 4A: El Segundo's physical infrastructure supports an inviting and safe community.

Objective 4B: El Segundo's technology supports effective, efficient and proactive operations.

PREPARED BY:

Cheryl Ebert, Senior Civil Engineer

REVIEWED BY:

Elias Sassoon, Public Works Director

APPROVED BY:

Barbara Voss, Deputy City Manager

ATTACHED SUPPORTING DOCUMENTS:

None