



Item Number: 25

**City Council / Board of Directors**

**Written Communications**

**Meeting of: August 16, 2022**

**Submitted By:**

Brian Gengler, City Engineer

**Subject:**

Wellness Center Project – Award Construction Contract / Work Order for Phase 2

**Recommendation:**

That the Honorable City Council approve a construction contract / Work Order with Angeles Contractor Inc. for the Phase 2 construction of the Wellness Center Project in an amount not to exceed of \$15,427,974.88.

**Fiscal Impact:**

This action will result in a fiscal impact of \$15,427,974.88. There are sufficient funds available in the budget to cover the planned expenses for the Phase 2 construction contract. The three funding sources for the current contract are: Homekey Round 2 (the capital portion); Homeless Housing, Assistance and Prevention (HHAP) Grant; and American Rescue Plan Act (ARPA) Local Allocation (capital projects and purchases). Please refer to the table below which shows the budget account number, funding source, original funding amount, current unencumbered amount, and remaining unencumbered amount.

Account Number	Funding Source	Original Funding Amount	Current Unencumbered Amount	Remaining Unencumbered Amount Following Proposed Use
2700011-55060-97063	Homekey (Capital)	\$23,612,058	\$6,513,765	\$0
2704020-43110-20476	HHAP	\$300,000	\$300,000	\$0
2770010-55000-97063	ARPA (Capital)	\$17,000,000	\$10,703,390	\$2,089,180

To date, prior to the recommendations made in this City Council meeting agenda, contracts and purchases totaling an estimated \$18,871,460, have been approved for this project. Taking action in accordance with the staff recommendation for this item and others related to the Wellness Center project as part of this City Council meeting agenda will increase total contracts and purchases to an estimated \$35,575,232.

The Homekey grant requires the City to provide a local funding match of \$4,075,190. With these approvals, the City will surpass the minimum match requirement by \$7,887,984, with expenditures under HHAP, ARPA, Permanent Housing Allocation (PLHA) and Community Development Block Grant (CDBG) funding.

Although the match of \$4,075,190 has been budgeted under Measure P in Fiscal Year 2022-2023, ARPA funding is being proposed for use in lieu of Measure P at this time. Use of the ARPA funds in this manner is consistent with the funding plan approved by the City Council on July 20, 2021, and authorization granted to the City Manager to reallocate ARPA funds among funding categories.

**Background:**

The Wellness Center, to be located at 16902 First Street, will include a low-barrier emergency shelter, recuperative care facility, medical clinic, interim housing and wraparound support services. The facility will include a non-congregate design of modular housing buildings with 110 separate units allowing a minimum capacity of 170 beds.

On September 29, 2021, City Council approved Resolution No. 21-101 authorizing staff to pursue funding from the California Department of Housing and Community Development (HCD) for Homekey Program funds to construct and operate the Wellness Center. On December 15, 2021, the City was notified by HCD of an award in the amount of \$28,004,058 under Homekey Round 2 for the Wellness Center project, of which \$23,612,058 was awarded to fund capital construction costs and \$4,392,000 for operational expenses.

On March 15, 2022, City Council approved an agreement for construction management with the Pacifica Services, Inc., in an amount not to exceed of \$2,373,601. Also, on March 15, 2022, City Council approved the initial eziQC Sourcewell construction contract/Work Order with Angeles Contractor, Inc. ("ACI") in the amount of \$4,827,947.76, for the construction of Phase 1 of the Victorville Wellness Center (the "Project")<sup>1</sup>.

On April 1, 2022, construction for Phase 1 started. The scope of the Phase 1 construction includes the following: the VVWRA Interceptor through the project boundaries; grading of the site; a stormwater detention basin; and underground utilities for storm drain, sewer, domestic water, fire suppression, electrical and gas. The project was separated into two construction phases to start construction as soon as feasible with the goal of completing construction by December 15, 2022, which is a Homekey grant deadline. Phase 1 was started while the plans for the project were being completed. The Phase 1 plans were

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<sup>1</sup> Procurement of construction services for the Project using Sourcewell's cooperative purchasing contract was originally approved by adoption of Resolution No. 20-091 on August 18, 2020 by a 4-0 vote.

subsequently approved by the City for grading, drainage, sewer, domestic water, fire suppression, plumbing and electrical.

On April 5, 2022, City Council approved contracts with Connect Homes in the amount not to exceed of \$5,067,607.00 for the manufacturing of 46 modular shelter units, and Urban Bloc in the amount not to exceed of \$1,200,021.00 for the manufacturing of five modular bathroom units. On June 2, 2022, City Council approved a contract with Connect Homes in the amount not to exceed of \$3,385,515.00 for the manufacturing of modular units for four community buildings.

Shortly after construction commencement, ground water was encountered in April 2022 at a higher level than identified in the geotechnical studies for the site. This caused a redesign of the civil storm drain plans and building foundations. In addition, additional dewatering equipment was needed to temporarily lower the water level to install a regional sewer line through the project site for Victor Valley Wastewater Reclamation Authority (VWVRA). On July 19, 2022, City Council approved supplemental work orders totaling \$763,127.02 for the Phase 1 contract. Additional related supplemental work orders are currently under review by Pacifica and City staff.

The plans for Phase 2 of the Project have now been approved by the City and include: street improvements; structural work, architectural work; and landscaping. The scope of the Phase 2 construction includes: a sewer lift station and grease interceptor; street improvements, a fire access road, a parking lot; building foundations; anchoring the modular buildings to the foundations; electrical wiring; utility connections to the buildings; finishes on the community buildings; food service equipment in the cafeteria building; wood decking for porches and patios; accessible concrete sidewalk and paths; irrigation; landscaping; fencing; gates; and other miscellaneous improvements.

### **Discussion:**

The Phase 2 construction needs to start as soon as possible to avoid delays in the project schedule. The most expedient procurement method is using a cooperative purchasing construction agreement procured through Sourcewell. Preparing a bid package, advertising for construction and awarding a construction contract is estimated to take at least two months.

ACI has priced the Phase 2 construction, which has been processed through Sourcewell, in the amount of \$15,427,974.88. A construction contract / Work Order for Phase 2 has been prepared by Sourcewell and modified by the City Attorney's Office (Attachment A) to take a form similar to that awarded for Phase 1.

This contract consists of the Sourcewell "ezlQC" Work Order, which describes the items of work, the time of completion / performance, and pricing for Phase 2, to which an Exhibit A is attached containing the appropriate City contract terms and conditions, as well as those of the underlying Sourcewell contract under which the work was procured. Attachment A to this staff report contains, the construction contract / Work Order. The contract authorizes the not to exceed amount for this total price.

There have been delays in the Phase 1 schedule, mainly due to ground water being higher than expected, revisions to the plans and delays in procuring various equipment and materials. The original Phase 1 completion date was July 31, 2022, and the estimated substantial completion extends until October 7, 2022. There will be some overlap with completing the Phase 1 work with the Phase 2 work. The Phase 2 contract / Work Order has an estimated start date of September 1, 2022 and a completion date for Phase 2, and the entire project, by May 18, 2023.

As stated previously, the original completion date for construction required by the Homekey grant award is December 15, 2022. However, as authorized within the Homekey Standard Agreement, staff has requested a time extension from HCD, which administers the Homekey grant program, to allow for the completion of construction beyond the original Homekey construction deadline.

While the City of Victorville has made significant progress on the Wellness Center, the City is not immune to supply chain issues during these current economic conditions and the project has encountered unforeseen site challenges that are impacting the schedule.

Staff recommends that the Honorable City Council approve the attached construction contract / Work Order with Angeles Contractor Inc. for the Phase 2 construction of the Wellness Center Project in an amount not to exceed of \$15,427,974.88.

**Attachment:**

- A. Sourcewell ezIQC Construction Contract (Work Order) with Angeles Contractor, Inc.