



Item Number: 9

City Council / Board of Directors

Written Communications

Meeting of: October 4, 2022

Submitted By:

Brian Gengler, City Engineer

Subject:

Wellness Center Project - Phase 1 Supplemental Work Order

Recommendation:

That the Honorable City Council approve Supplemental Work Order (SWO) No. 7 resulting in an increase not to exceed \$302,968.86 for the Wellness Center Phase 1 construction contract.

Fiscal Impact:

This action will result in a fiscal impact of \$302,968.86. This contract is being funded by American Rescue Plan Act (ARPA) funding available for capital projects. There are sufficient funds available from ARPA to cover the capital expenses for this contract. Please refer to the budget account number and available budget shown below:

Account	Funding Source	Original Funding Amount	Current Encumbered Amount	Remaining Unencumbered Amount Following Proposed Use
2770010-55000-97063	ARPA (Capital)	\$17,000,000	\$14,910,820	\$1,786,211

To date, prior to this recommended award, contracts and purchases totaling an estimated \$34,299,435, have been approved for this project. Taking action in accordance with the staff recommendation for this item will increase total contracts and purchases to an estimated \$35,878,201.

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 \$8,190,953, with expenditures under Homeless, Housing, Assistance and Prevention (HHAP), ARPA,

Permanent Local Housing Allocation (PLHA) and Community Development Block Grant (CDBG) funding.

Although the match of \$4,075,190 was budgeted under Measure P in Fiscal Year 2022-2023, staff is recommending continued use of ARPA funding being used 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.

Based on the new Homekey expenditure deadline of November 23, 2022 (discussed further in the Background section below), project expenditures from Homekey funding will be prioritized before ARPA funds are utilized.

Background:

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

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").

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 was the original Homekey grant deadline. Phase 1 was started while the plans for the project were being completed. The Phase 1 plans were 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.

On July 19, 2022, City Council approved SWO Nos. 1 through 4 totaling \$763,127.02 for the Phase 1. The increase in cost was due added fabric and rock under two building pads, additional dewatering for a VVWRA interceptor, and transportation costs for Connect Homes modular shelter units.

The plans for Phase 2 of the Project were subsequently completed to 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.

On August 16, 2022, City Council approved 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. On the same agenda, City Council approved the purchase, manufacturing and delivery of the sewer lift station from ROMTEC Utilities in the amount of \$292,277.88.

There have been delays in the project schedule, mainly due to ground water being higher than expected, revisions to the plans and delays in procuring various equipment and materials. As stated previously, the original completion date for construction required by the Homekey grant award was December 15, 2022. However, as authorized within the Homekey Standard Agreement, staff 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. On September 1, 2022, staff received notice from HCD that the construction deadline would be extended by 100 days to March 25, 2023. On September 12, 2022, staff received notice from HCD that the expenditure deadline would also be extended by 100 days to November 23, 2022.

Discussion:

Construction for Phase 1 of the Wellness Center started on April 1, 2022. The scope of the Phase 1 contract includes the following: construction of the VVWRA Interceptor through the project boundaries; grading of the site; a stormwater detention basin; and construction of underground utilities for storm drain, sewer, domestic water, and fire suppression.

There will be additional costs incurred due to plan revisions and changes to the scope of work that occurred after the Phase 1 contract was priced in March of 2022. SWO No. 7 has been prepared which documents the work scope and costs for the changes. SWO

No. 7 includes added work scope for electrical work for the SCE electrical service to the project site. This work was not shown on the plans which were included for the award of the original contract. The additional work included an additional length of underground conduit, a relocated main service connection point, and a relocated main electrical switchboard. The backup for SWP No. 7 is included in Attachment A.

Shown in the Table 1 below is a summary of the SWO to date for the Phase 1 construction contract.

Table 1

Supplemental Work Order Summary		
SWO No.	Description	Amount
1	Fabric & rock under building pads 5, 6 & 7	\$ 120,399.24
2	Dewatering system for VVWRA interceptor	\$ 165,785.99
3	Additional dewatering system for VVWRA interceptor	\$ 254,552.92
4	Transportation - Connect Home 46 modular shelter units	\$ 222,388.87
7	Offsite electrical work for SCE service	\$ 302,968.86
Total		\$ 1,066,095.88

Shown in the Table 2 below is a summary of the SWO Phase 1 construction contract costs.

Table 2

Phase 1 Construction Contract Summary	
Original Contract Amount	\$ 4,827,947.76
SWO Nos. 1-4 (previously approved)	\$ 763,127.02
SWO No. 7	\$ 302,968.86
Total Contract Amount	\$ 5,894,043.64

SWO Nos. 5 and 6 are being reviewed by City staff and the City's construction manager, Pacifica Services, Inc. Staff will recommend approval of SWO Nos. 5 and 6 at a future City Council meeting once this review is complete.

Staff and Pacifica Services, Inc., have reviewed the added work and associated costs and recommend approval. Staff recommends that the Honorable City Council approve SWO No. 7, resulting in an increase not to exceed \$302,968.86 for the Wellness Center Phase 1 construction contract.

Staff remains available for any questions the City Council may have.

Attachments: A. Supplemental Work Order Backup