



DATE: June 21, 2021

TO: Mayor and Members of the City Council

VIA: Peter Pirnejad, City Manager

FROM: Paul Nagengast, Project Advisor, Regional Government Services

SUBJECT: LEVEE IMPROVEMENTS PROJECT (CIP 327-657) GENERAL UPDATE

RECOMMENDATION

It is recommended that the City Council, by Minute Order, consider and accept this progress update on the Levee Improvements Project (Project). No further action is required by the City Council.

EXECUTIVE SUMMARY

Staff will provide a verbal update of the latest Project activities at the City Council meeting. This report provides an update of Project progress and budget impacts with current expenditures detailed in an attached work sheet.

Highlights of Project progress, since the last City Council update on May 17, 2021, are listed below:

- Contractor has begun operations in Phase 1 with the closure of the Baffin Street access to Redwood Shores/Belmont and the opening of the egress from Port Royal Avenue. The route from Foster City is from Port Royal Avenue to various trail connectors to the egress trail for Belmont Sports Complex or Oracle and points south. Signage has been provided in Foster City. Staff is monitoring any feedback regarding the switchover from Baffin Street to 'egress' to determine if additional signage is necessary.
- Contractor has completed sheet pile installation in Phase 3, north of San Mateo

bridge. Early Project schedules indicated the sheet pile installation in Phase 3 to be completed in late summer or fall 2021. Through contractor efficiencies, sheet pile installation in Phase 2 was completed sooner than anticipated and provided the opportunities for the contractor to commence and complete the sheet pile installation in Phase 3. Once the contractor completes sheet pile installation at a few isolated areas in Phase 1, the installation of all Levee Project sheet piles will be complete. It is anticipated the contractor will finish the remaining sheet piles in Phase 1 this summer.

- Staff has been advised the Caltrans Encroachment Permit for work to be performed within Caltrans rights-of-way under the San Mateo Bridge will be a 'no fee' permit to public agencies. Fees are only charged for any inspection services to be provided by Caltrans within their rights-of-way. It is hoped the encroachment permit will be issued by Caltrans in the very near future. There are continued negotiations with Caltrans regarding a lease for Shimmick to use Caltrans property for a construction staging/storage area. In addition, negotiations are ongoing for slivers of Caltrans property necessary to be purchased by the City for levee improvements constructed on the slivers of Caltrans property.
- There will be a significant credit contract change order issued for Shimmick for the deletion of graffiti coating on exposed concrete wall surfaces similar to the credit issued for deleting the coating on the steel sheet piles. Further discussion with staff, design consultants and actual testimonial on using the coating product by others, it has been determined the use of coating changes the color of the concrete it is applied on and still requires resources to remove the graffiti (does not deter or prevent graffiti). Therefore, the cost to provide and apply the coating does not provide the value anticipated to remove the graffiti applied on coated surfaces.
- Staff has an item scheduled requesting City Council approve the construction of Flood Wall 19 at the June 21, 2021 City Council meeting. With the approval of Flood Wall 19, the contractor will be able to complete as much work as possible in Phase 1. The more work the contractor can complete in Phase 1, the more likely the Project can be completed on time and within budget. Phase 1 work is the more restrictive portion of the Project due to the nesting birds and other permitted environmental considerations the contractor must follow.
- It is anticipated staff will be able to provide a detailed construction schedule assessment to the City Council in late Summer/early Fall 2021. Staff will be able to assess the consequences of the overall Project schedule due to the City approving Contract Change Orders expeditiously to provide Shimmick opportunities to construct improvements sooner in Phase 1 than specified as

well as the results of Shimmick providing additional labor resources on all phases of the Project.

- Staff will be meeting with Bowditch Middle School to continue discussions about safe routes to and from school regarding the Fall 2021 full opening of the school. Staff will be providing recommendations for parental driving and student bicycle riding and walking to and from the school to minimize use of Beach Park Boulevard as much as possible. Staff has also been advised of proposed construction projects for Bowditch Middle School and determining if their timelines impact the Levee Improvement Project.
- BFS, subconsultant to Schaaf & Wheeler, has commenced work on the Project interpretive signs (Contract Amendment No. One (1) to Schaaf & Wheeler Phase III) as required by the BCDC permit. Staff will provide signage update to City Council subsequent to BCDC approving the type of information to be placed on the six (6) signs located at various locations of the Bay Trail in Foster City.

Current Schedule Timeline

Award of Contract: July 20, 2020

Notice to Proceed: September 28, 2020

Phase 1 Bay Trail Closure – Opening: October 2020–January 2023

Phase 2 Bay Trail Closure – Opening: January 2021–November 2022

Phase 3 Bay Trail Closure – Opening: April 2021–January 2023

Project Substantial Completion: August 2023

Project Completion: January 2024

PROJECT BUDGET AND COST/EXPENSES

In accordance with Project related budget updates provided to City Council on February 15, March 15 and April 19, 2021, staff is presenting the attached Project work sheet as part of the June 21, 2021, update in three (3) budgeted sections; Closed Contracts and Expenses, On-going and Future Contracts and Expenses, and Ongoing and Future Miscellaneous Expenses. In summary, the Project is on time and within Budget and expenses continue to trend as anticipated as presented to City Council on April 19, 2021 and as noted below.

Closed Contracts and Expenses

As part of closed contracts and expenses are closed contracts that reflect the early stages of the Project prior to award of contract to Shimmick. These closed contracts reflect consultant fees related to the initial surveys, legal expenses and the finance expertise associated with the \$90M bond measure approval and \$85M issuance of

bonds to date. The total closed contracts and expenses is \$509K.

On-going and Future Contracts and Expenses

The on-going and future contracts and expenses currently totals approximately \$85.5M. Included in this amount are the Project construction contract and the construction management contract with varying contingency amounts. For example, the Project contractor, Shimmick Construction Company, Inc., (SCCI) contract authority includes \$60,218,000 for contract bid items and \$9M in contingencies for contract change orders (CCOs) encountered during construction; and TPI contract authority includes a not to exceed amount of \$7,190,377 for their construction management scope of work including Amendment #1 and \$300K for contingencies.

Currently, approved SCCI CCOs (No. 1-10) are \$1,042,063.78, with CCO No. 11 (Flood Wall 19 or FW 19) at \$3,194,181.56. Including CCO No. 11, the remaining construction contingency monies are approximately \$4.7M. There has been one (1) contract amendment to Tanner Pacific Inc., scope of work in the amount of \$491,500 but no authorized use of the \$300K contingency monies. There have been two (2) contract amendments to Schaaf & Wheeler scope of work in the amount \$208,745.

Ongoing and Future Miscellaneous Expenses

The costs associated with ongoing and future miscellaneous expenses are Project related but do not have a consultant specific contract associated with the cost. For example, budget line items for Project related fees paid to other agencies, potential property acquisition costs, or communication/outreach not associated with a contracted consultant are included. The amount budgeted in the ongoing and future miscellaneous expenses is \$880K.

The total Project budgeted amount for the closed, ongoing, and estimated future contracts and miscellaneous expenses is approximately \$87M. This amount is over the \$85M in Measure P bond proceeds issued to date. However, there are approximately \$5M in Project contingency monies explained above that may or may not be fully expended. Staff will be monitoring costs and expenditures to determine how much of the \$5M in Project contingency monies (Shimmick and Tanner Pacific, Inc.), will be remaining to utilize for other Project costs before requesting any action by City Council.

Summary of known costs to date:

- Total Budget/ Bond Measure: Budget = \$87M; Bond Measure = \$90M; Bonds Released = \$85M; Additional City reserves for Project if necessary = \$10M
- Bid: Shimmick: \$60.2M; and \$9M contingency for change orders
- Payments: Shimmick: \$21.03M; Project Budget with various Vendors: \$28.8M

- Change Orders Approved: As of 6/7, CCO No. 1-10 = \$1.04M
- Change Orders Anticipated: 6/21 FW 19 = \$3.2M

As shown above, there remains \$5M in Measure P monies available to issue if necessary as well as an additional \$10M in City General Funds identified to be available if Project expenses will exceed the \$90M in total bond proceeds.

It is estimated it will take 3 months to issue the \$5M in Measure P funds remaining minus any professional financial and legal expenses, and one City Council meeting to secure any of the \$10M reserve general funds if/when necessary. It is too soon to tell if the full contingencies will be used on the Project. City Council and staff have placed various Project related professional consultants and the Levee Bond Oversight Committee to monitor and review expenditures to advise City Council if funding shortfalls become apparent and recommend City Council to add funding sources.

The Project's expenditure trajectory is within the Measure P bond funds availability of \$90M and is still within the initial release of the \$85M of Measure P funds. Staff has been identifying and completing work items through contractor change orders or contracted vendors and will continue to look to rebalance existing professional consultant contracts to include identified work. Staff will continue to provide the City Council monthly updates and/or Project memorandums about the Project to disclose new work items and cost implications to ensure the Project construction remains on time and within budget.

The Levee Bond Oversight Committee is provided expenditure reports to ensure Project expenditures are only Project related. Staff is confident there is sufficient Project cost oversight in place to monitor activities and costs to provide the timely notification to City Council for additional Project funding if/when necessary.

FISCAL IMPACT

There is no fiscal impact associated with this Project update. Fiscal Impacts to Project will be presented to City Council as a separate agenda item with a recommended action to take from City staff.

CITY COUNCIL VISION, MISSION, AND VALUE/PRIORITY AREA

The Levee Improvements Project is in alignment to the City Council's adopted Vision and Mission statements, in that it seeks to create a sustainable environment through infrastructure improvements for current and future generations to come. This item is also directly related to the "Facilities and Infrastructure" Value/Priority Area. The key outcome is to make substantial progress toward an improved levee on time and budget to protect the community and critical infrastructure from storms and high tide.

Attachments:

- Attachment 1 - Monthly Construction Manager's Report – May 2021
- Attachment 2 - Expenditure Report as of June 2021
- Attachment 3 - May Communications Report