

Capitola City Council

Agenda Report



Meeting: February 27, 2024

From: Public Works Department

Subject: Update on the Wharf Resiliency and Public Access Project

Recommended Action: Approve Change Order 5 to the Public Works Agreement with Cushman Contracting for the Wharf Project in an amount not to exceed \$1,518,000 (for a total contract amount of \$9,832,000) and adopt a resolution amending the FY 2023-24 Adopted Budget to allocate an amount not to exceed \$369,000 in funding for the additional project expenditures.

Background: The Capitola Wharf is currently undergoing significant renovations as part of the Wharf Resiliency and Public Access Project. The initiative focuses on critical elements, including widening the Wharf, addressing failing pilings, replacing the deck, and adding new restroom facilities. The entire project is focused on ensuring the Wharf's long-term resilience. Construction, led by Cushman Contracting, commenced in September 2023 and has progressed steadily.

December 2023 storms caused further damage to both the wharf and its buildings. During the February 22, 2024, City Council meeting, staff reported that both buildings on the Wharf have been declared a total loss. The cost of repairs to these structures would exceed the cost of new construction. Despite a \$500,000 release in funding from the California Natural Resources Agency, the overall project is still facing a deficit due to the need to deal with the buildings and expand the project scope to address broken piles and decking under the building sites. To address this, the City Council directed staff to remove the "Portland Loo" restroom to save costs and explore alternative bids for the demolition work, initially quoted at \$1M.

Discussion: The demolition process involves multiple steps, including content removal, hazardous material challenges, asbestos abatement, and building demolition. Due to Wharf limitations, the demolition necessitates unique considerations and compliance with existing environmental protection permits.

Staff recommends the following approach:

1. Obtain emergency permits for the demolition (in progress).
2. Initiate a change order with the on-site mobilized contractor to include building demolition in the project scope.
3. Execute the demolition, followed by repairs under the demolished buildings. Duration of this work is six weeks to two months.
4. Upon completion of demolition and repairs, resume and finalize the remaining repair work within the overall Resiliency Project.

Cushman contracting has provided the following breakdown of the building demolition costs. This would utilize a subcontractor (Coastwide Environmental) to complete abatement and demolition of the Wharf House in tandem with Cushman's demolition of the Boat and Bait buildings. This allows for a fast completion and reduced costs.

Table 1. Proposed Demolition Costs – Cushman Construction

Description	Labor Cost	Equipment Cost	Subcontractor Cost	Total Cost
Staging Coordination and Traffic Control	\$7,500	\$2,700		\$10,200
Create Access for Demolition Operation	\$21,450	\$18,550		\$40,000

Preparation of Building Demolition Site	\$43,000	\$23,250		\$66,250
Bait Shop Demolition	\$174,550			\$174,550
Hazard Abatement and Contents Removal by Separate Contractor	\$6,000	\$2,000	\$66,250	\$74,250
Wharf House Demolition By Separate Contractor			\$99,850	\$99,850
Coordination During Demolition to Continue Resiliency Project	\$69,000	\$28,750		\$97,750
Direct Mobilization Costs	\$80,375	\$18,813		\$99,188
Total Direct Costs	\$401,875	\$94,063	\$166,100	\$662,038

Mark Up Labor 20%	\$80,375
Mark Up Material 15%	\$14,109
Mark Up Subcontractor 15%	\$24,915
Subtotal	\$781,437
1% for Bond	\$7,814
1% for Insurance	\$15,629
Total Change Order for Demo	\$804,880

Staff has explored various alternatives, including obtaining quotes from other qualified contractors. If the City Council were to direct staff to utilize a separate demolition contractor, the following steps would be involved:

1. Cushman to complete work, inclusive of staging the yard, traffic control, extending the runners, temporary building bracing, temporary handrail, debris protection, construction water, and utility demolition, to facilitate demolition contractor access, incurring additional costs.
2. Cease Cushman's work, incurring holding costs during the demolition period.
3. Execute the demolition of buildings while temporarily pausing the Resiliency Project. The anticipated duration of this work is two to three months.
4. Cushman initiates repairs beneath the demolished structures.
5. Upon completion of both demolition and repairs, resume and finalize the remaining Resiliency Project work.

At the time of publishing this report, a quote has been received from Coastwide Environmental, a qualified demolition contractor. Table 2 below outlines fixed costs associated with engaging another contractor, as well as costs incurred if Cushman's work is paused.

Table 2. Proposed Demolition Costs – Demolition by Separate Contractor

Description	Labor Cost	Equipment Cost	Subcontractor Cost	Total Cost
Staging Coordination and Traffic Control	\$7,500	\$2,700		\$10,200
Create Access for Demolition Operation	\$21,450	\$18,550		\$40,000
Preparation of Building Demolition Site	\$43,000	\$23,250		\$66,250
Bait Shop Demolition by Separate Contractor			\$157,000	\$157,000
Hazard Abatement and Contents Removal by Separate Contractor	\$6,000	\$2,000	\$66,250	\$74,250
Wharf House Demolition by Separate Contractor			\$99,850	\$99,850

Direct Mobilization Costs	\$19,488	\$11,625		\$31,113
Total Direct Costs	\$97,438	\$58,125	\$323,100	\$478,663
			Mark Up Labor 20%	\$19,488
			Mark Up Material 15%	\$8,719
			Mark Up Subcontractor 15%	\$48,465
			Subtotal	\$555,334
			1% for Bond	\$5,553
			1% for Insurance	\$11,107
			Total Change Order for Demo	\$571,994
			Stop Work Costs (\$17k/Day for 40 Working Days ¹)	\$680,000
			Total Change Order for Demo with Project Delay	\$1,251,994

If any additional bids are received before the meeting, they will be presented for consideration.

Another alternative is to postpone the demolition of the buildings until the conclusion of the work by Cushman Contracting. This approach entails the following.

1. Immediate Safety Measures - Implement safety measures, such as exterior shoring up of the Wharf House for immediate safety, at additional cost.
2. Partial Project Completion by Cushman – Execute change orders for the work that Cushman has been contracted to complete around the Wharf House/head of the Wharf. Change orders will need to be executed due to constraints associated with working around a building that includes new exterior structural elements (shoring up) to ensure the building does not collapse.
3. Demobilization of Cushman - Cushman demobilizes after completing their designated scope, minus the work that is no longer accessible due to the new exterior elements around the Wharf House.
4. Engineered Plans and Permits - Develop new engineered plans and obtain new regulatory permits for demolition and potentially for Wharf Resiliency Project completion. Staff's previously obtained emergency permits would no longer be feasible because the building would be structurally stable due to the process of shoring up the structure.
5. Bid Process - Initiate a bidding process for the demolition and repair work for the portion of work that Cushman was unable to complete, plus new piles and decking under the buildings.
6. Mobilization of New Contractor - Award the contract to the selected contractor and mobilize them under new permit timing conditions.

Based on staff's experience, this process would likely add approximately a year to getting the Resiliency Project complete. Additionally, this option is likely to increase overall costs due to economies of scale in the current projects, additional mobilization for new contractors, and new expenses for engineering and permitting. Engineering and permitting costs for the current phase of the Wharf Resiliency project totaled \$1.12M.

Fiscal Impact: The fiscal impacts of the demolition of the Wharf House and Boat and Bait properties are substantial, with an estimated \$1M budget for demolition plus an additional \$500,000 to rebuild the Wharf under the location of the buildings. Additional repair work at the head of the Wharf is quantified at \$100,000. Staff is evaluating options for building demolition and will present any additional options during the meeting.

The overall project budget is detailed below.

¹ The contractor provided an estimate of 40-60 working days.

Table 3. Wharf Resiliency and Public Access Project Budget

<u>Funding</u>	
Coastal Conservancy Grant	\$1,900,000
HUD Grant	\$3,500,000
Measure F	\$2,500,000
Insurance from January 2023 Storm Damages	\$1,000,000
California Natural Resources Agency	\$500,000
FEMA	TBD
CWEP Fundraising	\$400,000
Total Project Funding	\$9,800,000
<u>Expenses</u>	
Initial Contract (inclusive of January 2023 Storm Damage)	\$7,740,000
Change Order 1	\$104,300
Change Order 2	\$43,000
Change Order 3	\$213,700
Change Order 4 - Storm Damage (December 2023)	\$213,000
CWEP – Cushman Construction	\$313,000
CWEP – Non-Cushman Items	\$337,000
Building Demolition	\$805,000
Repair Work Under Buildings	\$500,000
Head of Wharf Repair	\$100,000
Credit for PortlandLoo	(\$200,000)
Total Project Costs to Date	\$10,169,000
<u>Available Funds</u>	
Projected Deficit	\$369,000

An allocation of \$250,000 has been designated for enhancements to the Capitola Wharf through the Capitola Wharf Enhancement Project (CWEP). The estimated cost for the procurement and installation of CWEP elements most suitably handled by Cushman (lighting, furniture, viewing stations) is \$313,000.

The original construction contract signed with Cushman Contracting amounted to \$7.74 million. Before the occurrence of the December storm, change orders were executed totaling \$361,000. The subsequent storm damage repairs incurred an additional \$213,000, resulting in a cumulative change order of \$574,000 and a revised contract amount of \$8.31M. The contract with Cushman Contracting was originally approved to authorize staff to execute change orders up to 10% of the contract value.

With the addition of the building demolition and related repair work, repairs on the head of the Wharf, and the associated costs with implementing the Capitola Wharf Enhancement Project (CWEP), staff recommends a change order to the contract with Cushman Contracting in an amount not to exceed \$1,518,000 (for a total contract amount of \$9,832,000) and budget amendment in an amount not to

exceed \$369,000. The initial construction budget for this project was \$8,900,000, with this change order the project is approximately 10.5% above the engineers estimate.

Coordination with FEMA for financial assistance is ongoing, recognizing the potential for additional damage reimbursement in the future.

Attachments:

1. Budget Amendment Resolution

Report Prepared By: Jessica Kahn, Public Works Director

Reviewed By: Julia Gautho, City Clerk. Jim Malberg, Finance Director

Approved By: Jamie Goldstein, City Manager