



COBURG CITY COUNCIL

UPDATE & DIRECTION ITEM

Pavilion Park Phase II Bid Award Options

Meeting Date	Staff Contact	Email
September 10, 2024	Adam Hanks, City Administrator	Adam.Hanks@ci.coburg.or.us
	Brian Harmon, Public Works Director	Brian.Harmon@ci.coburg.or.us

DESIRED COUNCIL DISCUSSION OUTCOME

Staff is requesting Council discuss and provide direction on a bid evaluation and award strategy for the recently completed bid process for phase II of the Pavilion Park Improvements Project. The strategy includes both potential adjustments to the bid components (expenses) and the funding tools (revenue).

BACKGROUND

The Pavilion Park Improvement project began in 2022 with an application to the Oregon Parks and Recreation Department for grant funding to support the purchase and improvement of a vacant parcel of land owned by the Shepard family immediately south of the City owned Pavilion Park parcel.

The Shepard family agreed to a land exchange with the City receiving the vacant parcel adjacent to the park and the Shepard family receiving land that was part of the City Hall parcel and adjacent to property already owned by the Shepard family. The appraised value of the land was utilized by the City for the local match requirement of the state grant, which resulted in an approximately 40% local match. The terms of the land swap are contained in the Property Exchange Agreement and is attached for reference.

The intent of the project was to bring the entire area under City ownership, expand the park amenities to the newly acquired land, install a restroom facility and create accessible parking and pathway improvements to ensure the park was usable to all.

Phase I of the project was completed in May of 2024 with the purchase and installation of a two room, pre-cast restroom building, a septic tank and all associated utility connections for both the restroom and for some elements of the phase II improvements.

Phase II of the project was put out to bid in late July and the bid opening held on August 27th with nine bids received. Base bids ranged from \$376,502 to \$465,551 with an average bid of \$408,852. Both the number of bidders and the relatively tight range of bid amounts provide clear indication of a competitive and successful bid process.

The low bid of \$376,502 is unfortunately well beyond the remaining grant funds allocated to the project requiring direction from Council on how to move forward. Additionally, several grant required elements were removed from the project bid documents and converted to “owner complete” items in anticipation of low bid responses exceeding the remaining grant funds available. This combines to create a funding deficit that will require Council approval for additional budget appropriations to complete the project as envisioned and as stated in the grant deliverables.

BUDGET / FINANCIAL IMPACT

The following table provides a summary of the bid adjustment (expense reduction) and needed revenue enhancement strategy staff is seeking Council direction and support to move forward in formal negotiations with the current project low bidder.

<u>Bid Summary (Direct Contractor Project Expense)</u>	
Original Low Bid	\$ 376,502
Proposed Project Bid Cuts	\$ 73,206
Proposed Adjusted Bid	\$ 303,296
Estimated Eng/Project Mgmt (+6% of total bid)	\$ 18,198
Total Funds Required for Bid Project Work	\$ 321,494
City Required Grant Project Deliverables	\$ 30,000
	\$ 351,494
<u>Bid/Contract Revenue</u>	
Grant Reimbursement	\$ 171,336
Parks SDC	\$ 140,480
TOTAL	\$ 311,816
<u>Project Completion Revenue Summary</u>	
TOTAL ADDITIONAL FUNDING REQUIRED	\$ 39,678

Proposed bid cuts include removal of the concrete “mow strip” and the relocation of an existing light pole as well as converting several other bid items to “owner responsibility” such as the irrigation system repairs and the pavement markings for all parking areas (including ADA).

Project revenue enhancements are also required to adequately fund the externally contracted Phase II project. The primary additional funding source available for the project is Parks Systems Development Charges (SDCs). The end of FY24 preliminary fund balance for Parks SDC is \$281,854. Additional Parks SDC revenues continue to be received with building permit activity, primarily from phase II of the Coburg Creek subdivision.

SDC’s are restricted funds with their use limited to capital improvements investments that are growth related, meaning SDC’s are not eligible for capital projects that replace existing infrastructure only. The Pavilion Park Improvement project is an expansion of the physical land area of the park by approximately 20% and that area contains many of the improvements that relate to the growth of the community and the need to grow the park system, including additional

restrooms, greater accessibility and an expanded area for community events such as Concerts in the Park, Christmas in Coburg and other similar community scale events.

Using the 20% expansion of land area as the basis for establishing the “growth component” of the overall project, \$140,480 of Parks SDC’s could be appropriated and utilized to partially fund the project through a Resolution approving a supplemental budget.

While no current formal policies exist for the future use of Parks SDC funds, a potential reduction in the Parks SDC overall fund balance limits future growth related capital funding in the Park system.

The remaining approximately \$40,000 of funds required to complete the project have the potential to be funded through the current fiscal year (FY25) Parks approved operating budget and also extend as needed into the FY26 Parks operating budget. The amount of revenue needed from the Parks budget would be mitigated with a coordinated community level donation campaign that has already been conceptually discussed at the Parks/Tree Committee level.

PUBLIC INVOLVEMENT

The Pavilion Park Improvements project has had multiple public meetings of both the Park/Tree Committee and City Council since its inception in early 2022, including recent updates on separating the project into two separate phases and for the approval of the two room restroom building contained within phase I of the project.

NEXT STEPS

Staff is seeking Council direction on the following:

- 1) Conceptual agreement with continued negotiations with the current low bidder for the removal of several bid elements that would reduce the direct bid amount by approximately \$75,000 recognizing that several of the removed bid items would shift to the City to complete to ensure compliance and funding reimbursement eligibility with the Oregon Parks and Recreation Department grant.
- 2) Development of a supplemental budget to be brought forward to Council at its October meeting to appropriate approximately \$140,000 of Parks SDC’s to the Pavilion Park Improvement Project.

This allows the project to be adequately funded and maintain the project schedule for a June 2025 completion and retains all elements required by the grant and envisioned and supported by the community.

ATTACHMENTS

- 1) Financial Summary - Pavilion Park Improvement Project – Phase II
- 2) Bid Response Detail – Pavilion Park Improvement Project – Phase II
- 3) Site Plan - Pavilion Park Improvement Project – Phase II