



Council Agenda Report

From: Ditas Esperanza, Capital Projects Engineer

Subject: Approval of Agreements for Construction and Construction Management for the Paso Fiber Connect Project

CEQA Determination: The City finds that this action is categorically exempt from the California Environmental Quality Act ("CEQA") under the Class 1 exemption, which applies to the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing structures, facilities, mechanical equipment, or topographical features where the project involves negligible or no expansion of existing or former use (State CEQA Guidelines Section § 15031).

Date: February 6, 2024

Facts

1. On August 4, 2020, City Council approved [Resolution 20-130](#), authorizing the City Manager to submit a grant application to the Economic Development Agency (EDA) for the installation of high-speed, fiber optic internet connectivity in key corridors throughout the City.
2. On September 16, 2021, the EDA approved the grant application, which included a project budget of \$3,537,447, of which the grant would provide \$2,829,958, with a City (local) match of \$707,489.
3. On May 17, 2022, City Council authorized a contract with Cannon Corp. to prepare bid ready construction plans for the fiber optic project.
4. Initial construction estimates prepared for the entire project were more than available grant funds. As such, staff prepared the bid with a base bid with bid additives.
5. The project was advertised with 20 base bid items and 17 bid additives. At the bid opening on November 9, 2023, only one bid was received by Leo Tidwell with a base bid of \$2,091,598.43. The engineer's estimate for the base bid was \$2,850,000.
6. City staff reviewed the bid from Leo Tidwell and found it to be a responsive and responsible bid. In addition, the bid additives Nos. 1 through 5, 8, and 12 may be included for a total contract amount of \$2,304,466.61.
7. The EDA grant allows the City to engage the services of a consultant to assist with construction management. To that end, the City issued a Request for Proposal (RFP), to consultant firms to provide these services. The City received four responses to the RFP and interviewed the top two consultants. The selection committee selected Omni Design Inc. as the most qualified and best fit for the City's needs. Omni's developed scope of work and final fee was negotiated for their services, in the amount of \$352,510.

Options

1. Take no action;
2. Authorize the City Manager to enter into the following contracts: a) Leo Tidwell for the project construction contract, in the amount of \$2,304,466.61; and b) Omni Design Incorporated for construction management services contract, in the amount of \$352,510. or

3. Provide alternative direction to staff.

Analysis and Conclusions

In early 2022, City Council held a Vision and Goal Setting Workshop which outlined City Council's goals and strategic priorities over the next several years. A component of the goals and strategic priorities was to promote Paso Robles as a destination for the "Remote Economy," and to pursue funding and opportunities to expand internet access and connectivity. This EDA project, and the underlying intent of the grant, meets this strategic priority. The scope of work, as awarded to Tidwell, is shown on the attached bid exhibit as part of the bid schedule and location map (Attachment 2). The majority of the work is focused on the west side of Paso Robles with key connection points to the east. The work generally consists of installing conduit and fiber.

As stated above, the initial cost estimate for the project was higher than the funds available. Hence, the bid documents were prepared to allow a base bid of 20 items and a bid alternative of 17 items. The available grant funding allows project award on the base bid items and only eight of the 17 bid additive items. An additional \$2.5 million is needed to fund the entire original scope of the project. Staff discussed this funding shortfall with the EDA grant administrator to determine the feasibility of supplementing it with an additional \$2 million grant, of which the City would match with 20%, or \$500,000. The administrator indicated that they would entertain this additional request, but it will take approximately 120 days to receive a response, with no guarantee that the City's request would be approved. Therefore, they suggested that the City go ahead and award the project within the available funds while they review our request. If the additional funds are made available, an additional change order could be processed.

City Council does have the option to supplement the funding shortfall with General Fund reserves; however, staff recommends designing the project down to meet the current budget while staff strategizes and/or appropriates additional monies during the normal budget process. It should also be noted that the construction of the recycled water line will also have a fiber optic conduit component and as such, additional unrestricted general fund resources will be necessary for that portion of the project.

Fiscal Impact

The total remaining costs for this project are as follows:

Company	Contract Amt
Leo Tidwell Construction	2,304,466.61
Omni Design Inc.	352,510.00
Cannon Corp.	111,460.00
Total	<u>2,768,436.61</u>

The project application had anticipated total costs of the project to be \$3,537,447, of which the grant totaled \$2.9 million and the City match of \$707,489. As such, there are adequate to fund these contracts, and no other action is required.

As noted above, if the City's request to EDA for additional funds is approved, a change order to Leo Tidwell's contract may be processed as a separate action. Separately, staff is processing a contract change order with Cannon Corporation to provide construction phase engineering services. This change order amends an existing agreement that was previously approved by the City Council pursuant to the City's purchasing policy.

CEQA

The City finds that this action is categorically exempt from the California Environmental Quality Act ("CEQA") under the Class 1 exemption, which applies to the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing structures, facilities, mechanical equipment, or topographical features where the project involves negligible or no expansion of existing or former use (State CEQA Guidelines Section § 15031), and applies to the planned installation of fiber optic cable.

Recommendation (Option 2)

Approve Resolution 24-XXX, authorizing the City Manager to enter into the following contracts: a) Leo Tidwell for the project construction contract, in the amount of \$2,304,466.61; and b) Omni Design Incorporated for construction management services contract, in the amount of \$352,510.

Attachments

1. Resolution 24-XXX - Award Construction Contract Fiber Optic Connectivity
2. Leo Tidwell Bid Proposal