



## Report to City Council

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**TO:** Mayor and City Council

**FROM:** Melissa Walker, Public Works Director/City Engineer

**AGENDA DATE:** September 17, 2024

**TITLE:** AUTHORIZATION TO AWARD A CONSTRUCTION CONTRACT TO CALIBA INC. FOR THE CORPORATE YARD OFFICE BUILDING F (REPORT OF: PUBLIC WORKS)

**TITLE SUMMARY:** Authorization to Award a Construction Contract to Caliba Inc. for the Corporate Yard Office Building F, Project Number 803 0055

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### Recommendation(s)

That the City Council:

1. Authorize the award of a contract to Caliba Inc. for the Construction of Corporate Yard Office Building F Project; and
2. Authorize the City Manager to execute a contract with Caliba Inc. in the amount of \$4,613,385.00 funded by the Facility Construction Fund (Fund 3000); and
3. Authorize the issuance of a Purchase Order to Caliba Inc. for the amount of \$5,074,723.50 (\$4,613,385.00 bid amount plus 10% contingency) when the contract has been signed by all parties; and
4. Authorize the Public Works Director/City Engineer to execute any subsequent related change orders to the contract with Caliba Inc. necessary to complete construction and other related agreements to purchase additional equipment or furniture needed to complete the project up to the budget as previously approved by Council, subject to the approval of the City Attorney; and

5. Authorize a budget adjustment as set forth in the fiscal impact section of this report; and

6. Adopt Resolution No. 2024-XX of the City of Moreno Valley, California, authorizing a loan agreement between the City of Moreno Valley and the Corporate Yard Development Impact Fee Fund.

## **SUMMARY**

This report recommends approval of a contract with Caliba Inc. for the construction of the Corporate Yard Office Building F, Project No. 803 0055. This project will construct a new building, approximately 6,000 square feet in size, in the City Corporate Yard property next to the existing Administration Building. The new building will provide additional conference and training spaces as well as essential amenities, for staff. This project is included in the adopted Capital Improvement Plan Fiscal Years 2023-24 and 2024-25.

This report also recommends that the City Council adopt the proposed resolution approving the interfund loan agreement between the Facilities Replacement Reserve Fund and the Corporate Yard Development Impact Fee Fund (Corporate Yard DIF) for \$2,985,000.

## **DISCUSSION**

The City's Corporate Yard Facility has operated on an 18-acre plot at the northeast corner of Perris Boulevard and Santiago Drive since April 1987. The initial purchase of the site included an office building that was renovated to accommodate the needs of City administrative and field teams as they managed the City's operations-related programs and services.

The Corporate Yard houses Team Members from the Public Works (PWD) and the Parks and Community Services (PCS) Departments. Three divisions comprise the facility's primary daily population: the PWD Maintenance and Operations Division, the PCS Parks and Landscape Services Division, and the PWD Fleet and Facilities Maintenance Division. The facility also serves as a centralized storage center for multiple departments and divisions, making it a valuable and needed Citywide resource. However, given the facility's age, coupled with the continuous growth and expansion of City programs and services, the current facility requires necessary enhancements to meet the growing demands of current and future operational programs and services. Proposed improvements that will enhance the City Yard facility include:

- Additional conference/meeting rooms
- A field training resource center
- Adequate locker rooms for field crews
- An overnight dormitory for crews responding to after-hours emergency operations

In 2009, the City initiated efforts to contract with Gillis and Panichapan Architects, Inc. (GPA) to provide a space needs analysis and conceptual design to improve the Corporate

Yard Facility. The Administration Building, completed in 2016, was the first building constructed due to the study. The proposed Corporate Yard Building F is also included in GPA's conceptual design and will be constructed adjacent to the Administration Building.

The Planning Division of Community Development Department has determined that this project is exempt from the California Environmental Quality ACT (CEQA) Section 15301c and Section 5.1.2 of the City's Rules and Procedures for the Implementation of CEQA.

The Project was advertised for construction bids on July 25, 2024, and formal bidding procedures have been followed in conformance with Public Contract Code. Bids were received via the electronic bid management system, OpenGov.com, on August 21, 2024, and six (6) bids were received as follows:

<u>CONTRACTORS</u>	<u>Verified Bid Amounts</u>
1. Keystone Builders Inc (Non-Responsive).....	\$4,263,000.00
2. Caliba Inc. ....	\$4,613,385.00
3. Griffith Company .....	\$4,705,000.00
4. FEC Future Contractors and Engineers, Inc. ....	\$5,203,000.00
5. CALTEC Corp .....	\$5,610,000.00
6. The Nazerian Group.....	\$5,614,123.00

The lowest responsible bidder was determined by comparing the cumulative total for all bid items as stipulated in the Bidding Documents. The apparent lowest bidder, Keystone Builders Inc (KBI) was determined to be non-responsive for not meeting the requirements of the Contract Documents because they do not self-perform at least 50% of the work as the prime contractor. KBI was notified of this issue and decided to withdraw their bid following the bid opening.

Staff has reviewed the bid by Caliba Inc. and found it to be the lowest responsible bidder in possession of a valid license and bid bond. No outstanding issues were identified through review of the references submitted by Caliba Inc. in their bid.

Staff recommends the award of the contract and issuance of a purchase order to Caliba Inc. in the amount of \$5,074,723.50 which includes a 10% contingency. The contingency amount (\$461,338.50) is recommended to account for any latent or unforeseen circumstances encountered during construction. Unforeseen conditions may include unsuitable soils or hazardous wastes which need to be properly processed and removed.

This project was fully funded in the FY 23/24 and 24/25 Capital Improvement Plan (CIP) with Corporate Yard DIF Funds. Due to the current inflationary period, construction bids for this project came in higher than estimated. At this time, the Corporate Yard DIF does not have sufficient funds to cover cost for this project. An allocation from the Facilities Replacement Reserve Fund (7330) will cover the amount needed for project management, construction engineering, and construction. Per the Loan Agreement including in the Resolution, a transfer of Facilities Replacement Reserve Fund (7330) to Facility Construction Fund (3000) will occur in the amount of \$2,985,000. Additionally, the Loan Agreement will be established as a part of the action to repay Facilities Replacement

Reserve Fund (7330) with future receipts of Corporate Yard DIF Revenue Fund (2910).

Approval of the recommended actions would support Objective 4 of the Momentum MoVal Strategic Plan: “Manage and maximize Moreno Valley’s public infrastructure to ensure an excellent quality of life, develop and implement innovative, cost-effective infrastructure maintenance programs, public facilities management strategies, and capital improvement programming and project delivery.

**ALTERNATIVES**

1. Adopt proposed resolution approving the Loan Agreement approving a loan from the Facilities Replacement Reserve Fund to the Corporate Yard Development Impact Fee Fund (\$2,985,000). Approve and authorize the recommended actions as presented in this staff report. This alternative will provide the construction of Corporate Yard Office Building F and will provide much needed facility spaces for staff to provide necessary services to residents and businesses of Moreno Valley. *Staff recommends this alternative.*
  
2. Do not adopt proposed resolution approving the Loan Agreement and provide staff with other direction. Do not approve and authorize the recommended actions as presented in this staff report. This alternative will result in delaying the timely construction of the project. The Corporate Yard will continue to be lacking in sufficient facilities to accommodate staff needs to provide necessary services to residents and businesses of Moreno Valley. *Staff does not recommend this alternative.*

**FISCAL IMPACT**

The total cost for the Corporate Yard Office Building F Project is estimated at \$5,385,000. Due to the current inflationary period, construction bids for this project came in higher than estimated. At this time, the Corporate Yard DIF does not have sufficient funds to cover cost for this project, causing a shortfall of \$2,646,433. Additionally, the total project will increase by \$338,567 to cover additional costs related to project management, construction engineering, and construction. Per the Loan Agreement included in the Resolution, a transfer of Facilities Replacement Reserve Fund (7330) to Facility Construction Fund (3000) will occur in the amount of \$2,985,000. Future receipts of Corporate Yard DIF Revenue Fund (2910) will repay Facilities Replacement Reserve Fund (7330). There is no impact to the General Fund.

Category	Fund	GL Account and Project Number	Type	FY24/25 Budget	FY 24/25 Proposed Adjustment	FY24/25 Adjusted Budget
CIP	3000 Facility Construction	3000-70-40-80003-720199 803 0055-3000-99	Exp	\$5,046,433	(\$2,646,433)	\$2,400,000
CIP	7330 Facilities Replacement Reserve	7330-99-99-97330-903000	Exp	\$0	\$2,985,000	\$2,985,000
CIP	3000 Facility Construction	3000-99-99-93000-807330	Rev	\$0	\$2,985,000	\$2,985,000
CIP	3000 Facility Construction	3000-70-40-80003-720199 803 0055-3000-99	Exp	\$2,400,000	\$2,985,000	\$5,385,000

**ESTIMATED PROJECT-RELATED COSTS:**

Construction (includes 10% contingency) .....	\$5,074,723.50
Material Testing and Geotechnical Engineering .....	\$80,000.00
Construction Inspection.....	\$180,000.00
City Staff Project Management.....	\$20,000.00
Community Workforce Agreement (CWA) Program Administration .....	\$30,000.00
<b>Total.....</b>	<b>\$5,384,723.50</b>

**ANTICIPATED PROJECT SCHEDULE:**

Construction Period.....October 2024 - October 2025

**NOTIFICATION**

Publication of this meeting agenda.

Prior to construction starting, all utilities and adjacent property owners in the area as well as law enforcement, fire department and other emergency services responders will be notified of the construction.

**PREPARATION OF STAFF REPORT**

Prepared By:  
Manny Ruiz, P.E.  
Senior Engineer

Department Head Approval:  
Melissa Walker, P.E.  
Public Works Director/City Engineer

Concurred By:  
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Engineering Division Manager/Assistant City Engineer

Concurred By:  
Quang Nguyen, P.E.  
Capital Projects Principal Engineer

**CITY COUNCIL GOALS**

Public Facilities and Capital Projects: Ensure that needed public facilities, roadway improvements, and other infrastructure improvements are constructed and maintained.

**CITY COUNCIL STRATEGIC PRIORITIES**

- 1. Economic Development**
- 2. Public Safety**
- 3. Library**
- 4. Infrastructure**
- 5. Beautification, Community Engagement, and Quality of Life**
- 6. Youth Programs**

## Report Approval Details

Document Title:	STAFFREPORT_24-0546_PW_CP_CORP_YARD_BUILDING_F.docx
Attachments:	- Resolution 2024-XX-Loan Agreement.pdf - Attachment A_Location Map.pdf - Attachment B_Agreement with Caliba Inc.pdf
Final Approval Date:	Sep 12, 2024

This report and all of its attachments were approved and signed as outlined below:

Patty Rodriguez

Melissa Walker

Sean Kelleher

Natalia Lopez

Launa Jimenez

Brian Mohan

Mike Lee

Patty Rodriguez