



COUNCIL REPORT

DATE: November 15, 2022
CATEGORY: Consent
DEPT.: Public Works
TITLE: **Professional Services Agreements for Construction and Land Development Engineering Services**

RECOMMENDATION

1. Repurpose limited period funding of \$60,000 in Construction Section hourly staff budget and \$50,000 in Engineering Inspections and Materials Testing, for a total of \$110,000 to consultant support services in the Development Services Fund. (Five votes required)
2. Authorize the City Manager or designee to amend the Fiscal Year 2022-23 professional services agreement with Tanner Pacific, Inc., for an additional \$375,000 to provide construction engineering services in a not-to-exceed contract amount of \$775,000.
3. Authorize the City Manager or designee to execute a professional services agreement with CSG Consultants, Inc., for land development engineering services in a not-to-exceed contract amount of \$300,000.

BACKGROUND AND ANALYSIS

In recent years, to keep pace with increasing development and construction activity, the Public Works Department has contracted with outside engineering firms for land development-related plan checking and construction engineering and inspection services. Contracting for outside services allows the flexibility to manage the development and construction workload as it fluctuates. Consultants have been necessary to maintain standard turnaround times for plan check and inspection services, which satisfies the customer service level that is expected by the City's businesses and developers and meets requirements under State law.

Construction Engineering

The City entered into an agreement with Tanner Pacific, Inc. (Tanner Pacific), in the amount of \$100,000 to provide construction management and inspection services for development projects for Fiscal Year 2022-23. On September 13, 2022, Council approved a \$300,000 contract increase for a total not-to-exceed amount of \$400,000.

Construction Engineering has two vacancies and is working to fill them as quickly as possible. The vacancies have created challenges in keeping up with construction management and inspection of development projects, causing a need to utilize Tanner Pacific services more extensively. It is anticipated that the agreement funding of \$400,000 will be expended by January 2023. Based on the anticipated development and construction workload and the potential timelines for filling the vacancies, staff has determined that assistance from Tanner Pacific will continue to be required after January. Staff recommends increasing the Tanner Pacific contract by \$375,000 for additional construction engineering services for a total not-to-exceed amount of \$775,000. The recommended increase will allow the Public Works Construction Engineering Section to maintain a high quality of development reviews and inspections in the time frames required as the development and construction workload continues at a high level.

Land Development Engineering

On November 16, 2021, Council approved an agreement with CSG Consultants, Inc. (CSG), in the amount of \$450,000 to provide project management and plan check services for development projects. Services charged to this agreement began in January 2022, and the agreement funding will be expended by January 2023. Staff has evaluated the anticipated development workload and the timeline for filling a Senior Engineer vacancy and determined that additional assistance will be required. In addition to the relatively high level of development work overall, construction documents for major developments are in plan check and permitting, including 1100 La Avenida (Eden Housing), 570 South Rengstorff Avenue (The DeNardi Group), 1411-1495 West El Camino Real (Steve Saray), and 1860-2159 Landings Drive (Google Landings). Other planning applications and/or construction documents anticipated to require significant review time include North Bayshore and Middlefield Park Master Plans (Google), 749 West El Camino Real (Greystar), 320 Logue Avenue (Carmel Partners), 1020 Terra Bella Avenue (Alta Housing), 1040 Terra Bella Avenue (Public Storage), 1155 and 1185 Terra Bella Avenue (Sean Corrigan of Devcor IL), and 189 North Bernardo Avenue (Sand Hill Property Company).

FISCAL IMPACT

Construction Engineering

The Fiscal Year 2022-23 Adopted Budget allocated limited-period funding of \$400,000 from the Development Services Fund (DSF) for consultant support in the Construction Engineering Section. This \$400,000 has been encumbered for engineering services under the Fiscal Year 2022-23 Tanner Pacific Agreement.

The Adopted Budget also included limited-period funding from the DSF for Construction Engineering hourly staff support (\$60,000) and engineering inspections and materials testing (\$50,000). Staff has determined that hiring hourly staff is not an option for conducting

inspections, and there is sufficient remaining funding in a current engineering inspections and materials testing contract for the remainder of this fiscal year. Staff recommends repurposing the limited-term hourly staff and engineering inspections and materials testing budget (\$110,000) to contract services in the DSF. In addition, there are four ongoing vacant positions in Public Works that are fully or partially funded by the DSF. These positions cannot be filled before January 2023 and are expected to have approximately \$265,000 in salary savings. The transfer of these salary savings from the ongoing positions to contract services within the same fund and the same department is within the City Manager's authority. Therefore, the total of the salary savings from the ongoing positions and the repurposing of the limited period funding is approximately \$375,000, which can be used to fund the Tanner Pacific Agreement for a total not-to-exceed amount of \$775,000.

Land Development Engineering

The Fiscal Year 2022-23 Adopted Budget allocated limited-period funding of \$400,000 from the DSF for consultant support in the Land Development Engineering Section. Funding is available for engineering services for the recommended CSG Agreement for the Fiscal Year 2022-23 for a total not-to-exceed amount of \$300,000.

ALTERNATIVES

1. Do not authorize transferring the budget allocations, agreement amendment, or new agreement.
2. Provide other direction.

PUBLIC NOTICING—Agenda posting.

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