



## Memorandum

To: Vail Town Council

From: Public Works Department

Date: May 19, 2020

Subject: Public Works Shop Yard Expansion Retaining Wall and Utilities Project Award Reconsideration

### I. PURPOSE

The purpose of this item is to:

- Provide the Town Council the opportunity to reconsider the Public Works Shop Project Award and provide additional information on Project Options
- Receive Town Council direction regarding the project award

### II. BACKGROUND

At the April 4, 2020, the town staff provided an update on the project and received direction from the Town Council to solicit bids through Hyder Construction for the Public Works Shop Yard Expansion Retaining Wall and Utility project. The town received the final project proposal from Hyder Construction after sub-contractor bid solicitation based on 100 % construction documents which included final Design Review Board approved plans. The contractor proposal was within the project budget provided to Town Council on April 4. The project will not only construct the wall but will place an additional 15,000 CY of material at the Bald Mountain berm.

On May 5, 2020 the Vail Town Council voted 6-0 to authorize the Town Manager to enter into an agreement, in a form approved by the Town Attorney, with Hyder Construction to construct the Public Works Shop Yard Expansion Retaining Wall and Utility Project in the amount of, and not to exceed, \$4,629,652.

The goal of the first phase of the Public Works Shop Master Plan project was to create a more efficient Streets Building which is over-crowded as well as crowding out other functions of the shop complex. The wall is required on the west end of the project to provide access into the new streets building once complete. Due to a portion of the wall being required for the first phase, completing the whole wall was a more cost-effective solution overall, which not only benefited the streets building but opened up room for town of vail operations into the future. Specifically, space was allocated for special event staging over the long term as the Civic project (charter bus lot) would be lost as a staging site once it was developed.

The project also cleared up room on the far east side of the wall project to accommodate the equipment needs for the electric bus electrification project.

Due to the continuing updated financial implications regarding the COVID-19 pandemic and the impacts to the Town of Vail finances. Concern was expressed to revisit the decision to move forward at this time with the project.

### **III. CAPITAL PROJECT BUDGET DISCUSSION**

The adjustments to the Capital Projects after the first supplemental fund left an ending fund balance of \$20,401,941, \$15,200,000 of projects were deferred to at least 2021. The relationship between the capital projects fund and the general fund is through the amount of sales tax allocated to each fund. The capital projects are funded by balancing the cost of the projects against the available funds to finance the projects. When revenues decrease, projects are prioritized and can be deferred to rebalance the budget.

### **IV. PROJECT CONSTRUCTION OPTIONS**

#### Retaining Wall and Utilities Project Awarded

The retaining wall is approximately 950' long and up to 22 feet high. The space gained from building the wall provides nearly an acre of additional yard space.

One item required as part of the PEC process was for a rock fall berm to protect the entire site. The rockfall berm is above the retaining wall which requires it to be constructed first as construction access is significantly hindered once the wall is constructed

Utility upgrades are a major improvement required either as part of the first phase. The utility upgrades include:

- A 1,250 feet water line extension and 3 additional fire hydrants looping along the entire back of the shop building. This design has been reviewed by the Eagle River Water & Sanitation District, Vail Fire and Vail Public Works and priced.
- Drainage improvements to protect the retaining wall from above and additional improvements below the wall to collect and treat the water from the new surface yard areas created by the wall construction are included. These improvements have been designed, staff reviewed and priced.
- Public works shop electric service modifications. This is not related to the bus charging electric service but the town shop only. The service will be modified as the wall interferes with the current location. This has been priced.

The project has a one-year Design Review Board approval and a two-year Planning and Environmental Commission approval.

## Bald Mountain Berm

The Town of Vail and the Colorado Department of Transportation have an agreement regarding the Bald Mountain berm which is set to expire at the end of 2021. This agreement has been extended one five-year term and this is the second extension of time for completion of the project. The agreement allocates both parties to a quantity of material which can be placed at the berm. The town of Vail has met its obligation per the contract. CDOT has a remaining 28,000 CY to be placed. CDOT will not be able to meet its obligation, however, has agreed to allow the town the ability to place an additional 15,000 CY in exchange for a future site providing the equivalent volume to CDOT. An amendment to the IGA with CDOT is forthcoming. The town would have the next two construction season to take advantage of the site and complete the berm for the neighborhood. The Retaining Wall Project produces the 15,000 CY to meet the obligation currently at a built-in savings to the project of \$135,000.

## Hyder Construction Project Costs to date

Expenditures to date are minimal regarding the retaining wall project and will be paid to the contractor as previously agreed to.

Preconstruction Fee	\$ 10,000
Retaining Wall Shop Drawing Design Fee	\$ 5,800
Contractor Time Since award	\$ 5,000

The project team identified additional savings which may be pursued of \$157,000 if the project moves forward.

## Options to implement

The staff and contractor analyzed three options moving forward, award the contract and construct the full retaining wall and utility project, delay a portion of the project and construct a smaller portion of the project, delay the whole project. The pros and cons of each option are presented below.

### Option 1

Proceeding with the current project award. This path provides the most sequential steps, as it allows the most time and flexibility regarding the project.

#### PROS

- The project team and subcontractors are ready to go.
- Building Permit is applied for and nearing approval
- Public Works Shop yard has been prepared for the contractor to begin
- Town of Vail meets the Bald Mountain Berm obligation and realizes the cost savings
- Town gains use of land now, if Streets Building is delayed in the future
- Site would be prepped to construct the Streets Building in the future

- Biggest risk of unknown site conditions the wall construction and utility work is performed in a season not affecting the occupancy of the streets building.
- Keeps the potential to take advantage of reduced construction costs due to a recession on the largest portion of the project the Streets Building
- Provides over \$ 4.6M of economic activity of which over \$ 2.4M would directly benefit local firms.
- Staff was comfortable with this project moving forward with the budgets presented on 5/5.
- Town of Vail economic impacts due to funding shortages in the future can be secured through other capital project deferrals, mainly the Streets Building project at \$12.7M

## CONS

- Significant expenditure which in the future, funds may be needed
- Expenditure is not a direct community benefit but a behind the scenes benefit to community services
- Less fiscal conservative option than others
- Operations/town staff could be impacted due to lack of available funding in the future

## Option 2

Delay the wall portion of the project for one year and construct the wall and drainage improvements during the future Streets Building Phase. The waterline and electric utility work and rockfall berm are items of work which could move forward this year and provide a better schedule regarding setting the streets building and wall portion of the project up for success. The Staff would come back to the council with the project award for this work.

## PROS

- Project still stays on schedule
- A reduced expenditure of funds used now around \$1M
- Some portion of the work is executed
- Town still in a position to take advantage of any construction cost reduction due to the recession on the combined project in late 2020 early 2021.
- There may be some cost savings on the project with a larger project if combined with the Streets Building
- Some Economic activity to the local Economy.

## CONS

- Risk of the not completing the second phase creates the following:
  - No gain in land to the town shop for town uses as well as for Special Event Staging to facilitate Civic area plan development
  - Bald Mountain Berm agreement is not met and loose the opportunity of savings

- Adds additional costs to the overall project if the only the utility and berm and then the wall and Streets Building are built sometime in the future. More impact on Public Works operations during construction with a larger project in one season

### Option 3

The last option is to combine the two projects and hope to move forward in 2021 or further into the future.

#### PROS

- Puts the town in the best overall cash reserve position going forward
- Save significant dollars now regarding an unknown future
- There may be some savings due to economic conditions in the future
- Could still allow the same sequence as Option 1 but is delayed one year or later

#### CONS

- Best opportunity to take advantage of economic downturn on a major construction expenditure for the Town would be pricing late 2020 early 2021 for a spring construction project, waiting until a 2022 construction season maybe too late
- For one year the delay significantly hampers the town's operations if all activity happens in one construction season which may not work logistically.
- Could jeopardize the town's ability to finish the Bald Mountain Berm
- If constructed together, puts the project at more risk of not finishing on time and not being able to occupy the building due to other construction restraints on the project schedule. The project construction is not allowed to just extend into the winter if the schedule is delayed. The last items to be constructed are the waterline, drainage improvements and paving. These items are at a higher risk of not being completed in the limited time due to the PEC restriction on work outside of the building past November, this places risk on the ability to occupy the building on time.
- No construction economic activity is generated now

## **V. ACTION REQUESTED**

Staff requests Town Council input and direction on the following items.

- Reconsider the award of May 5th for the Public Works Shop Project and to Hyder Construction
- Reconfirm, reconsider and provide direction on the project options as presented.

## **VI. STAFF RECOMMENDATION**

Staff recommends Option #1.