



## DISCUSSION

### City of San Bernardino Request for Council Action

**Date:** December 7, 2022

**To:** Honorable Mayor and City Council Members

**From:** Robert D. Field, City Manager  
Daniel Hernandez, Agency Director of Public Works,  
Operations and Maintenance

**Department:** Public Works

**Subject:** **Award Design/Build Contract for the Carousel Mall  
Demolition (Ward 1)**

#### **Recommendation**

It is recommended that the Mayor and City Council of the City of San Bernardino, California:

1. Determine approval of the Design/Build Contract is statutorily exempt from environmental review pursuant to Sections 15268 and 15269 of the State's guidelines implementing the California Environmental Quality Act; and
2. Approve an award of a Design/Build Contract with Resource Environmental, Inc. (Resource) in the amount of \$7,734,000; and
3. Approve a not to exceed amount of \$350,000 to be awarded to an authorized On-Call Consultant for Project Management and Inspection; and
4. Authorize the Agency Director of Administrative Services to amend the FY2022/24 CIP to include Carousel Mall Demolition Project ("Project") in the total project cost amount of \$8,084,000; and
5. Authorize the City Manager or designee to execute all documents related to the Project; and
6. Approve determination by Building Official that declares the Carousel Mall is dangerous and constitutes an imminent threat to public health and safety per Chapter 15.37 of the San Bernardino Municipal Code.

#### **Background**

On November 2, 2022, staff presented the Mayor and City Council a report on the proposed Design-Build Contract for the demolition of the Carousel Mall. The report was focused on four (4) topics, Public Safety, the San Bernardino Municipal Code, the Request for Proposal (RFP), and the Environmental Review.

At the conclusion of the report, the Mayor and City Council directed staff to return on December 7, 2022, to address the concerns identified by the Mayor and City Council.

### **Discussion**

In response to the comments received on November 2, 2022, staff will discuss the following:

1. Environmental Review
2. The Request for Proposal Process and Results
3. Resource Environmental Inc.'s Technical Capabilities

#### *1. Environmental Review*

The California Environmental Quality Act (CEQA) is a California law that requires public agencies and local governments to evaluate and disclose the environmental impacts of development projects or other major land use decisions, and to limit or avoid those impacts to the extent feasible.

In a typical development project, a developer will conduct a CEQA analysis during the entitlement process and prior to demolition and construction of the project. The proposed demolition of the Carousel Mall is in a unique position as the future state of the development is unknown at this time. However, it is important to note, the entire mall site will be evaluated in the City's Environmental Impact Report (EIR) for the Downtown Specific Plan, which is currently scheduled to be completed by the end of Q1 of 2023. The EIR will evaluate a build out of the site at its maximum permitted use and will fulfil the CEQA requirements on a programmatic level.

Regarding the proposed demolition, as indicated on November 2, 2022, staff is recommending that the City Council find that the approval of the Design/Build contract for the Carousel Mall Demolition Project ("Project") is statutorily exempt from the California Environmental Quality Act ("CEQA") on multiple grounds. First, the Project is a ministerial approval exempt pursuant to State CEQA Guidelines section 15268 (Ministerial Projects). No discretionary Demolition Permit is required pursuant to San Bernardino Municipal Code section 15.37.040.

Additionally, the Project is exempt pursuant to State CEQA Guidelines section 15269 (Emergency Projects), as it is necessary to prevent a public health & safety emergency. Given the Carousel Mall building's structural damage caused by vandalism and fire damage, the building is not safe and constitutes an imminent threat to the health and safety of the public. Transient breaches of the Carousel Mall site have resulted in numerous fires, endangering public health and safety. Waiting to conduct full

environmental review for any future redevelopment of the Carousel Mall site, which could take several years, would endanger the public due to increased risk of fire in the interim. Further, the Project is proposed as a direct result of past fire emergencies on the Carousel Mall site.

Regardless of the proposed exemption, staff recognizes the Carousel Mall Demolition is a highly visible project near neighboring businesses, pedestrians, and commuters. The City's proposed contractor understands the design and execution of the Project is its responsibility. Part of this process requires the identification of potential impacts to the public and the implementation of measures to minimize or avoid these affects. The proposed contractor has examined the Project documents and Phase I reports during the preparation of its proposal and incorporated several measures to mitigate potential impacts to the public and environment. These measures are identified in Attachment 12, Carousel Mall Demolition Mitigation of Environmental Concerns. The potential concerns include Noise, Traffic, Dust and Debris, Asbestos and Lead, Contaminated Soil, Erosion and Runoff, Cultural & Archaeological, Historical, Sustainability, and Security. Each potential concern has specific mitigation measures, the responsibility of implementation and the oversight of the implementation.

## *2. The Design Build Request for Proposal Process and Results*

### RFP Process

There are two primary project delivery methods that the City can pursue, design-build and design-bid-build. While the names are similar, the delivery types are very different. The City of San Bernardino typically follows the Design-Bid-Build project delivery method. However, due to the public health and safety concern, staff proposed the issuance of an RFP for a Design Build project delivery to the Mayor and City Council on July 20, 2022, which was approved.

Staff has followed the City's Municipal Code process for Design Build projects in seeking a contractor for this Project. As a charter city, the City through Chapter 12.21 (Design-Build) of the City's Municipal Code has adopted procurement procedures for the award, use, and evaluation of design-build contracts. Section 12.21.040 provides the design-build procurement process, and, at a high level, a two-step process to follow. The first step requires the City to prepare and issue a Request for Qualifications (RFQ), to prequalify, or short-list, design-build firms based on certain elements such as experience, safety record, and other non-price related factors.

The second step requires the City to prepare an RFP, that invites the prequalified firms to submit sealed proposals. The City is allowed to award the design-build project based on either low bid or best value. Here, the City chose to utilize best value. With best value, the City must provide a certain criteria and selection procedures, including technical design and construction expertise, price, and other factors, all weighted for importance. The City reserves the right to request proposal revisions and hold discussions and negotiations with responsive proposers. When the evaluation is complete, the responsive proposers are ranked based on a determination of value

provided. Staff then recommends the responsible design-build entity whose proposal is determined to have offered the best value to the public.

#### RFP Results

Staff sent the qualified contractor a Request for Proposal with a deadline of September 29, 2022. Six (6) companies of the qualified seven (7) submitted proposals in the following amounts:

| <b>Company Name</b>                        | <b>City</b> | <b>Proposal Price</b> |
|--|-------------|-----------------------|
| Resource Environmental, Inc.               | Cerritos    | \$7,734,000           |
| AMPCO                                      | Irvine      | \$16,370,874          |
| Integrated Demolition and Remediation, Inc | Anaheim     | \$21,780,000          |
| AD Improvements                            | Downey      | \$24,797,553          |
| Silverado Contractor, Inc                  | Chino       | \$28,935,940          |
| Griffith Company                           | Brea        | \$29,418,070          |

The Proposals were evaluated based on the following criteria:

1. Understanding of the City's Need
2. Design-Build Teams Overall Qualifications
3. Experience, Qualifications, Certifications and Capability of Staff Proposed
4. Descriptions of Services Proposed to Implement the Project
5. Quality of the Work Plan and Schedule
6. Life Cycle Costs
7. Reasonableness of Price

The proposals were reviewed by a panel of staff members with a combined 30 years of experience managing public projects using the City's standard rating system requirements of the RFP and it was determined that all proposals met the requirements of the RFP. It's important to note, 'Reasonableness of Price' represented 35% of the overall rating which reduced the four (4) other companies scores considerably.

Resource Environmental, Inc. (Resource) and AMPCO received the top ranking and were interviewed by the panel. Resource Environmental, Inc. received superior ratings in the areas of related experience, adequacy of staff, completion schedule, depth of understanding of the project, project approach and cost. Resources Environmental, Inc. has extensive experience and successfully completed similar projects for numerous cities statewide.

The funding for the project is as follow:

- |   |             |
|---|-------------|
| 1. Design and Preconstruction Services              | \$213,000   |
| 2. Demolition Services (General Conditions)         | \$6,649,900 |
| 3. Construction Cost (to secure attached buildings) | \$68,000    |
| 4. Allowances                                       | \$100,000*  |
| 5. Fees   | \$0.00      |

|   |             |
|---|-------------|
| 6. Contingency                          | \$703,100   |
| 7. Total Cost for Design and Demolition | \$7,734,000 |
| 8. Project Management and Inspection    | \$350,000   |
| 9. Grand Total of Project Costs         | \$8,084,000 |

\*Allowances are used for the following, only if the City opted to:

- Design and Install Crash Wall for Parking Garage (\$58,000)
- Installation of Guard Rail at Stairs and Parking Garage (\$10,000)
- Temporary Storm Drain (\$32,000)

In submitting a proposal, all proposers agreed that all contingencies were accounted for with the information provided. In addition, all proposers agreed to provide Payment and Performance bonds as a condition of contract execution, further protecting the City from claims.

A significant benefit to the Design-Build delivery method is the avoidance of change orders. The Request for Proposals was clear that all potential Design-Build Entities needed to include the development of the project plans and specifications, which include the hazardous material abatement, demolition of the mall and anchor buildings, and the protection of the Harris and Enterprise buildings. There are no plans, specifications, and reports that the selected Design-Build Entity can use as grounds for a change in conditions or a change order. Resources submitted a Guarantee All-Inclusive Price, which is included as Attachment 3.

### *3. Resource Environmental Inc. Technical Capabilities*

Resource, established in 2005, is a hazardous material remediation and demolition contracting firm. They have completed many other structures and projects similar to the demolition of the Carousel Mall and is qualified to achieve the project's objectives. Resource owns over 100 pieces of machinery, employs a staff of over 150, and 95% of our work is self-performed. They specialize in hazardous material remediation including asbestos, lead in paint, soil, toxic mold, and universal waste, and in demolition services including structural and interior, site clearing, plant decommissioning, asset recovery, and recycling.

Resource maintains the following Licenses and Certifications:

California Contractors State License Board License No. 864417

- Class A – General Engineering Contractor
- Class B – General Building Contractor
- Class C-21 – Demolition/Wrecking, Building Moving
- Class C-22 – Asbestos Abatement
- Class D-63 – Construction Clean-Up

- ASB – Asbestos Certification
- HAZ – Hazardous Substance Removal

California Division of Occupational Safety and Health

- Certificate of Registration for Asbestos-Related Work No. 910

United States Environmental Protection Agency

- RRP & Lead Abatement Certification No. NAT-23762-2

Over the last 17 years, Resource has completed projects with contract values ranging in size from less than \$1,000 to more than \$15,000,000 and performed work throughout the entire state of California – from National City/San Diego to Eureka.

Resource was the highest-rated proposer, not only because they could meet the project objectives with its proposed price (a 35% factor) but because of the proposed project features, functions, experience, and past performance. Resource has over 17 years of experience with large-scale abatement and demolition projects ranging in size from less than \$1,000 to more than \$15,000,000 and performed work throughout the entire state of California – from National City/San Diego to Eureka. Resource was the only firm to propose an allowance for installing a temporary storm drain to ensure the protection of the remaining buildings, long-term erosion control, and the ability to terminate the Project's Stormwater Pollution and Prevention Plan. Resource performed extensive testing of the structure, allowing them to price the amount of asbestos removal needed accurately. While some companies suggested providing credits to the City based on the final results of testing, their offers lacked a definitive cost. Resource presented a solid, technical proposal – with foresight for potential issues such as code compliance and erosion control and listed allowances to cover these costs at the City's benefit and discretion.

With all factors considered and references checks, staff believes Resource will meet City's expectations.

### **2021-2025 Strategic Targets and Goals**

This project is consistent with Key Target No. 1e: Improved Operational & Financial Capacity - Minimize risk and litigation exposure. Approval of this item will allow staff to begin the mall demolition process, which reduces imminent risks and improves the safety and health of the public

### **Fiscal Impact**

The initial cost of the demolition will be covered by using Fund Balance to ensure that the demolition can be completed expeditiously. This will not result in the use of required reserves. If Council approves the action, staff will follow up with any necessary budgetary actions at a future meeting. Staff intends to explore options to cover these costs, including the possible issuance of long-term debt and the possibility of requiring such costs to be covered by any future development deals

## **Conclusion**

It is recommended that the Mayor and City Council of the City of San Bernardino, California:

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## **Attachments**

|               |   |
|---------------|---|
| Attachment 1  | Design/Build Contract   |
| Attachment 2  | Resource Environmental, Inc. Proposal                         |
| Attachment 3  | Resource Environmental, Inc, Fee                              |
| Attachment 4  | AMPCO Proposal  |
| Attachment 5  | Integrated Demolition and Remediation Inc. Proposal           |
| Attachment 6  | AD Improvements Proposal                                      |
| Attachment 7  | Silverado Contractor, Inc. Proposal                           |
| Attachment 8  | Griffith Company Proposal                                     |
| Attachment 9  | San Bernardino County Fire Letter                             |
| Attachment 10 | Building Official Letter                                      |
| Attachment 11 | Phase 1 Environmental Site Assessment                         |
| Attachment 12 | Carousel Mall Demolition Mitigation of Environmental Concerns |
| Attachment 13 | PowerPoint Presentation                                       |

## **Ward:**

First Ward

## **Synopsis of Previous Council Actions:**

July 20, 2022 - Mayor and City Council authorized staff to solicit a Design/Build proposals for the demolition of the mall and approved a contract

with Redwood Private Security for a 24/7 security patrol of the Carousel Mall grounds.