



City Council Agenda Item Staff Report

CITY OF SAN BRUNO

DATE: April 26, 2022

TO: Honorable Mayor and Members of the City Council

FROM: Jovan Grogan, City Manager

PREPARED BY: Matthew Lee, Director

SUBJECT: Adopt Resolution Authorizing the City Manager to Execute On-Call Agreements for Project Management Services with CSG Consultants, Inc., Swinerton Management & Consulting, and West Yost Associates, Inc. in Amounts Not to Exceed \$1,000,000 for the First Year and Two Additional Optional Years at \$1,000,000 Each Totaling \$3,000,000 for Each Firm, for a Total Amount of \$9,000,000 for a Total Three-Year Term

BACKGROUND: The City of San Bruno Public Works Department is responsible for developing, implementing, and delivering the Capital Improvement Program (CIP) on a timely basis and within the approved budgets. The CIP helps enhance the overall quality of life in the city by improving the physical structures, systems, and facilities that provide services to the community. The CIP is designed to identify, plan and develop projects using a long-term vision for the community's facilities and infrastructure needs, and the assets they install, replace, or rehabilitate will likely be required for decades of public use. The CIP projects vary in scope and breadth from street improvements, bicycle and pedestrian improvements, water, storm and wastewater facilities, and various City-owned building/facility improvements.

Some CIP projects create new infrastructure while others enhance the service life of existing capital infrastructure. Parts of the City are over a hundred years old, and the infrastructure requires replacement due to reaching or exceeding its service life. Lack of capital replacement or repair to the infrastructure will result in failure of infrastructure that provide needed service to the community. Although capital replacement can at times be deferred with some additional risk of failure, investing the capital improvements later will cost more in future years. Capital Improvement Programs factor in cost escalation to mid-year of construction to ensure that the projects are fully funded to complete construction. The average Consumer Price Index for All Urban Consumers (CPI-U), which is used to gauge cost escalation for the CIP, increased 7.5% between January 2021 to January 2022 for reference. It is also noted that Energy prices in that period rose 27%. These increases have been reflected in some recent bids from contractors. If funds are available for infrastructure improvements, investing those improvements sooner would help with minimizing escalating construction costs.

Based on the City's needs, the Capital Improvement Program has increased significantly while the resources to implement the program have not kept pace. Since Fiscal Year (FY) 2016-17 the Capital Improvement Program almost doubled from approximately \$54 million

to \$96 million in FY 2021-22. The four engineering staff programmed to the CIP Division (consisting of one Principal Civil Engineers and three Associate Engineers) to provide project management to deliver CIP projects did not similarly increase. The City Engineer also manages and delivers CIP projects, which provides approximately 4.5 engineering staff delivering CIP projects in the Engineering Section.

Concurrent with the expansion of the Capital Improvement Program, the level of private development and traffic engineering related interests increased. With vacancies in those Divisions (Land Development Associate Engineer since September 2021, and Traffic Engineering Associate Engineer since April 2020) the CIP staff has had to dedicate resources to make sure those interests are still addressed, which further reduces the capacity for delivering the CIP projects.

Furthermore, from FY 2016-17 to present, three of four of the CIP Engineering staff resigned, retired, or otherwise separated from the City, constituting a 75% turnover in the Engineering staff managing CIP projects. One of the CIP Associate Engineer positions that became vacant in 2019 has remained vacant ever since. At least two separate recruitments were conducted to attempt to fill the vacancy. Currently, the Engineering Section has an overall 32% vacancy rate. More starkly, of the five total Associate Engineer positions approved in the Engineering Section, three are vacant, a 60% vacancy rate. Staff continually attempts to recruit staff but as those vacancies extend, the CIP workload backlog grows.

Since FY 19-20, staff attempted to address the backlog by reducing the CIP appropriation to allow for addressing projects on hold and completing some projects from the program. This allowed staff to reduce the CIP backlog for that year, however even with this current approach the CIP appropriation continues to grow given the City's infrastructure needs. Except for one year (FY20-21) the CIP total appropriation continues to grow despite the approach to reduce new CIP requests whenever feasible (Table 1). During that time, staff has been working to diligently deliver projects at the existing staffing levels. The model of continuously attempting to absorb the workload of other engineering divisions and shift CIP staff resources has unfortunately contributed to staff burnout and backlog of CIP projects. Looking at the next three years, there will be anticipated project management need for 26 projects that have not been initiated or will need to be initiated. To maintain the much-needed CIP project workloads and deliver the infrastructure improvements that are needed, this on-call project management contract would expand the delivery capacity by retaining the services of consulting firms to assist with CIP project management.

As part of the upcoming FY 2022-23 budgeting process, the City Council will be presented with a proposal to right size the staff resources for the delivery of the CIP. This will be a combination of additional staff to manage the overall consistent increase in the CIP and consultants to manage spikes in CIP delivery needs.

DISCUSSION: In addition to the current CIP workload, the City's adopted CIP Budget outlines work programs, project descriptions, and funding needed projects to be undertaken in the next 5-years. Public Works has a significant amount of infrastructure CIP projects planned for major work during the upcoming fiveyears. The proposed five year CIP Plan for FY 2021-22 through 2025-26 is \$226 million (see Attachment 2). Since FY 2016-17, the

current CIP has increased in Total CIP Appropriation from \$55 million to \$96 million as shown in Table 1 below. Combining both current and planned CIP projects means the City will have a CIP portfolio of approximately \$322M in needed funds to complete in through FY 2025-26. Current staffing levels and the accelerated pace of work has allowed staff to complete on average \$17M (with 3 of the past five years between clearing \$20M-\$30M) of CIP work annually. To deliver at the current CIP Project level (approximately 60-70 projects) with existing staff and to deliver further increase in the next five years, it will require a combination of staff and consultant support for the project management, design, and construction management of the projects. The following table shows the last five fiscal years of the Capital Improvement Program related to Public Works:

Table2: Total CIP Appropriation

Fiscal Year	New CIP Appropriation	Total CIP Appropriations
2016-17	\$17 million	\$54 million
2017-18	\$29 million	\$76 million
2018-19	\$33 million	\$85 million
2019-20	\$ 7 million	\$92 million
2020-21	\$21 million	\$81 million
2021-22	\$36 million	\$96 million

Currently, there are a projected 26 projects awaiting start in the next 3 years due to the number of CIP projects that can be practicably managed by existing staff (Attachment 3). The CIP Division currently has three licensed Engineers managing the CIP with the fourth position being vacant since 2019. Current staff are managing up to twelve CIP projects at one time, as well as accommodating the needs of the public and other City departments, such as with plan checking, staff support for the encroachment permits and development projects, additional non-CIP projects assigned to Engineering Section, and addressing public traffic and pedestrian related concerns and requests. The other engineering staff are working on Private Development review or other aspects such as encroachment permits, inspection, etc. That coupled with the current vacancy levels makes it difficult for staff to provide sufficient resources for the CIP and other assignments. The typical project workload for staff managing focused solely on managing projects is about six at one time.

As a comparison to other cities with different deliver models, the City of San Mateo's CIP for FY 2021-22 is \$52.5M; however, they have sixteen engineers, three project managers, and two transportation planners budgeted to work on CIP projects. San Mateo was focused solely on designing and managing projects in house. As another comparison, the City of South San Francisco's CIP for FY 2021-22 is \$130.3 million (total appropriation \$284 million); however they manage with 5 engineers and supplement with consultants in the amount of \$18,000,000 over three fiscal years. The City of South San Francisco focuses on consulting out both project management and design.

By moving to utilize a model whereby consultants are temporarily resourced to facilitate project delivery, Public Works will have greater capacity to deliver CIP projects approved by Council. City staff will still manage the projects and provide direction, but utilization of multi-disciplinary consultant teams will provide the required capacity and improve the overall coordination and accountability while the Public Works Department appropriately resources in house CIP staffing levels. Without augmenting City engineering staff as proposed, CIP

projects will continue to be backlogged as existing City staff cannot manage the volume of work.

In February 2022, the City issued a Request for Qualifications (RFQ) for multi-disciplinary professional services that included project management services. Staff received five proposals for project management services and conducted an evaluation based on the following criteria:

- Project understanding
- Qualifications and experience of the project manager(s) and team
- Qualifications relating to CIP management
- Experience with design and construction of CIP projects

All five firms were selected and placed into the City's on-call engineering pool for project management services. From the on-call pool, three firms demonstrated the expertise to provide project management services that the Administrative & Engineering Section needs for effective CIP project delivery. The two firms not selected demonstrated greater expertise in the management of private development projects. Due to the large volume of CIP projects, staff recommends that all three remaining qualified firms: CSG Consultants, Inc., Swinerton Management & Consulting, and West Yost Associates, Inc. undertake the project management services based upon the firms' experience, resources, familiarity of working with the City of San Bruno and various municipalities, and positive references.

Through the project delivery cycle, project management represents approximately five percent of the project budget. Based on the FY 2021-22 CIP total appropriation of \$96 million, staff anticipates approximately \$4.8 million worth of project management need (Attachment 3). Understanding that not all projects will be included under project management services and assuming that vacancies can be filled and requests for additional staff authorized staff recommends approximately \$3 million of CIP work to be delivered by consultant services. This will allow staff the flexibility to structurally right size the organizational staffing resource levels to be better positioned to deliver the CIP into future years and absorb some potential unplanned and unprogrammed CIP projects. Based on the anticipated workload, staff recommends executing professional service agreements to not exceed \$3 million per year total, with each consultant firm averaging approximately \$1 million per year with an amount not to exceed \$3 million over the three year length of the agreements as shown below:

	Year 1	Year 2	Year 3
CSG Consultants, Inc.	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Swinerton Mgt & Consulting	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
West Yost Associates, Inc.	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Total	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000

Staff will issue individual task orders for the various CIP projects and related tasks assigned to the consultant based on each firms' ability to deliver projects and within the agreement

dollar capacity allowed. On-Call contracts are structured to allow for flexibility to resource for projects in a timely manner. Consultants will work on an on-call basis with scope and cost clearly agreed upon by the City. Accordingly, all work performed under the agreements will be pursuant to individual task orders that will have a specifically defined scope and schedule that will be negotiated on a task order basis. The on-call agreements will acknowledge that the individual task orders will dictate the work done under each agreement, up to the not to exceed amount. These costs for these task orders would be charged against the various projects through their sources of funds at a task order level. There is no city obligation to expend any funds under these agreements and are only established when task orders are created.

FISCAL IMPACT: There are no costs in establishing these agreements. They do create a \$9,000,000 agreement capacity that will be funded by CIP Projects on a task order by task order basis. There are sufficient funds allocated in the CIP projects to cover project management costs.

ENVIRONMENTAL IMPACT: The action is not a project subject to CEQA. City Council's action is not considered a "Project" per CEQA Guidelines and therefore no further environmental analysis is required.

RECOMMENDATION: Adopt resolution authorizing the City Manager to execute an agreement for project management services with CSG Consultants, Inc., Swinerton Management & Consulting, and West Yost Associates, Inc. in an amount not to exceed \$1,000,000 for the first year and two additional optional years at \$1,000,000 each totaling \$3,000,000 for each firm, for a total amount of \$9,000,000 for a three-year term.

ALTERNATIVES:

1. Do not proceed with pursuing project management services and request staff provide list of projects that will be on hold in the CIP.
2. Reduce the consultant not-to-exceed amount and number of projects to CIP project to deliver.

ATTACHMENTS:

1. Resolution
2. FY 2021-22 Capital Budget Project Sheets
3. List of Projects Needing Project Management Services