

CITY OF REDONDO BEACH

Budget Response Report #40

June 14, 2022

Question:

What is the status of the skate park installation at Pad 10?

Response:

Due to multiple issues, the contractor for this project, Spohn Ranch, has delayed the installation of the skate park at Pad 10. Spohn Ranch cites material availability as well as financial obstacles for the delay. There are multiple paths that Council can consider moving forward.

On the material side, Spohn Ranch has indicated that their firm has experienced difficulty obtaining concrete and other building materials on other projects which has impacted their schedule on the City's project. No estimate has been given for a start time for the work at Pad 10. Once started, Spohn Ranch estimates completion to take about 16 weeks. This is due to long lead times (10 to 12 weeks) for structural foam.

To detail their current financial obstacles, Spohn Ranch provided the City with a letter on June 1st, indicating they are no longer able to complete the project for the \$110,000 contract price due to hyper inflationary market conditions that have impacted the cost of fuel and construction materials.

Spohn Ranch indicated that, with current market conditions, the cost for current project completion would be \$250,000 – approximately \$140,000 greater than the amount appropriated to complete the Pad 10 skate park by Council on March 15th. If Council would like to increase the project appropriation, staff recommends a 20% contingency be added to any additional funding to allow for uncertainties related to constructability. The constructability issues revolve around the posted weight limit of the International Boardwalk, which may require that more and smaller concrete loads be transported to the job site as a result of weight restrictions in place on the International Boardwalk. This logistical adjustment may impact the price beyond the estimate provided by Spohn Ranch in their June 1st letter.

There are multiple paths that Council can direct staff to pursue. The proposed FY 2022-23 CIP already includes a \$30,000 appropriation for modifications to the Perry Park skate facility, in accordance with public input since it was installed. Council should consider an additional funding appropriation in the FY 2022-23 budget to complete the work at Pad 10 in the near term. Per the letter from Spohn Ranch, the minimum amount staff would recommend is an additional \$140,000. At present, staff is unsure of the exact amount to recommend until the constructability issues are resolved and, as such, recommends the

aforementioned 20% contingency be added, which would bring the total \$168,000. Council may also wish to direct staff to pursue completion of the project by enforcement of the current contract at the agreed upon terms, but this is certain to add delay and other costs and may not result in skatepark installation.

Additionally, the City Council has the opportunity to consider funding the second phase of the project (also described as the ultimate plan) that was approved as part of the Coastal Development Permit. The goal of moving forward with phase one of the pad 10 skatepark only, was to expedite construction of the park and allow for completion of the project this summer. Given the aforementioned delays, the Council may wish to build the complete project in one effort later this year. Spohn Ranch, provided a price of \$281,000 for the ultimate buildout at the March 15th meeting and has indicated they will hold that price if a decision to go forward with it is made this month. That would require an appropriation of \$171,000 above the \$110,000 already under contract. If a decision could not be made now, they would revise their total price for the ultimate project upward to \$311,500, an increase of \$201,500 above the \$110,000 already under contract. Staff recommends the 20% contingency be added to the phase two (ultimate plan) estimates, for the same reasons listed above. To be clear, the ultimate project scope with Spohn Ranch does not include the art work shown in prior skatepark drawings, as it was simply an illustration of what the facility could look like with public art.

Summarizing the issue, the Council may wish to enforce the current contract at no additional payment to Spohn Ranch, or appropriate additional monies per the following options:

	Base Plan Project	Ultimate Plan (now)	Ultimate Plan (Over 2 phases)
Spohn Ranch Change order	\$140,000	\$171,000	\$201,500
Contingency (~20%) total price	\$ 50,000	\$ 56,000	\$ 62,000
Total new appropriation	\$190,000	\$227,000	\$263,500
Under contract	\$110,000	\$110,000	\$110,000
Total Pad 10 Price	\$300,000	\$337,000	\$373,500

Funding for the additional costs/scope could be provided through available Harbor Uplands Funds, Subdivision Park Trust (Quimby) Funds, or Unallocated General Fund Balance. In order to move the project forward, staff will need to bring an amendment to the design build contract with Spohn Ranch back to Council for approval of the change order for the cost of the original scope of work, or prepare an amendment to the agreement to complete an expanded scope of work depending on the level of supplemental funding appropriated for the project. It should be noted that staff is continuing to install new railings around the Pad 10 location as part of the Pier/Harbor Railings Project recently awarded by the City Council.