

City Council Issue Summary

Subject: Authorize an Agreement With 2KG Contractors, Inc. for Lighthouse Navigation Center Alterations Project

Staff Member, Department: Garrett Kaye, Facilities

Meeting Date: 9/20/2023

Action(s) Required:

- | | | |
|--|---|---|
| <input type="checkbox"/> Consent Agenda | <input type="checkbox"/> Ordinance First Reading | <input type="checkbox"/> Public Hearing |
| <input type="checkbox"/> Information/Direction | <input type="checkbox"/> Ordinance Second Reading | <input type="checkbox"/> Resolution |
| <input checked="" type="checkbox"/> Motion | | |

Recommended Motion:

I move to authorize an agreement, in substantially the form presented to Council, with 2KG Contractors, Inc. for the Lighthouse Navigation Center Alterations Project, in an amount not to exceed \$2,398,641; and grant the City Manager the authority to approve contract amendments for subsequent change orders adding up to an additional \$240,000.

Issue / Council Decision & Discussion Points:

- Staff is seeking Council approval to award a construction contract for the Lighthouse Navigation Center Alterations Project (aka Lighthouse renovations).
- The purpose of the project is to enhance the types of services that can be provided at the Lighthouse Navigation Center, while also performing other repair/replacement actions on the existing building to make the facility more reliable with less future maintenance needed.
- The City selected the Contractor to perform the work through a formal competitive bid process. The lowest responsive bidder was 2KG Contractors, Inc.



Background:

This project is a continuation of the 2021-23 Council goal to create housing or facilities to house 500 homeless individuals on a temporary or permanent basis. This project also supports the 2023-25 Council goal of maintaining the existing level of shelter beds.

Prior to COVID, this building, located at 275 NE 2nd Street, was used as a retail store / mercantile occupancy and operated as a Thrift Store. During COVID in 2020, Shepherd's House leased the building to operate an emergency nighttime warming shelter, which the City partially funded. The City later purchased the building in September 2021 for \$2 million, using American Rescue Plan Act (ARPA) funding passed through the State of Oregon to the City. Services provided in the building were expanded in June 2022 to meet the needs of the community by developing and operating a 100-bed Navigation Center. The State funding for the building and operations defines a Navigation Center as a low-barrier emergency shelter that is open seven days per week and connects individuals and families with health services, permanent housing and public benefits. The renovation will improve the interior layout to better support basic hygiene and the Navigation Center services. The renovation will also address the permanent change of occupancy from retail to overnight occupancy (residential).

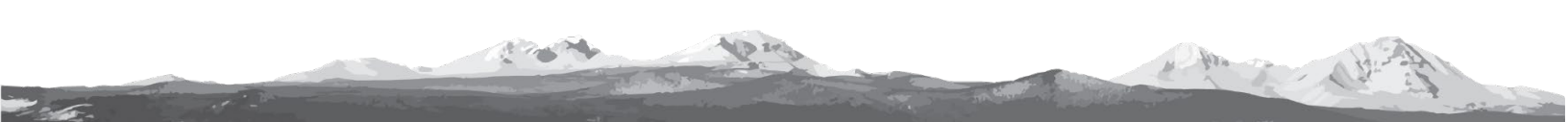
In the last year, the Lighthouse Navigation Center, operated by Shepherd's House, has provided 38,542 nights of shelter, distributed 100,575 meals, and transitioned 230 people to more permanent housing. It is the only low-barrier, walk up shelter in Central Oregon and works closely with 30+ community partners to provide services. The addition of multiuser bathrooms, laundry facilities, and showers will significantly impact and improve shelter operations.

The renovation scope was fully designed by local architecture firm Steele Associates Architects, LLC, and a local engineering firm Morrison-Maierle, Inc. The design team also included a professional cost estimator. The base bid from 2KG Contractors, Inc. came within 1% of the corresponding construction cost estimate prepared by the design team.

The design drawings are currently going through the City's plan check process to obtain a building permit. The Notice to Proceed (NTP) is anticipated to be issued in October 2023. Construction of the project will occur over the next year with an estimated project completion date by the end of November 2024.

The base bid scope includes new roof and HVAC systems, add showers, add laundry, add a commercial kitchen shell space with a walk-in cooler/freezer, add multi-user restrooms, add a conference room, replace lighting in renovated areas, modification of various building utilities, modifications to the fire sprinkler and fire alarm systems, provide more durable and slip resistant floor finishes. The base bid from 2KG Contractors, Inc. to perform this base bid scope of work is \$2,256,000.

Based on available funding, the City is recommending that multiple bid options be awarded as well, for an additional \$142,641. That would bring the contract award amount to \$2,398,641.



The bid options recommended for award will perform the following extra work that was not included as part of the base bid scope: clean the inside of any existing HVAC ductwork that will remain; construct improvements to the main entryway; replace lighting in the main sleeping area; provide various pieces of kitchen equipment, such as two gas ranges and a gas oven for food preparation to occur on site, a heated cabinet to keep prepared food warm, a dishwasher, and various tables/racks/carts.

Granting the City Manager the authority to approve subsequent change orders of up to \$240,000 (which is 10-percent of the award amount in cumulative value) will allow construction activities to proceed uninterrupted in the field, so that the project can finish as soon as possible and the shelter can begin serving the community at full capacity again (roughly 100 guests per night). This change order amount is based in part on lessons learned from the last shelter renovation project on Division St, where many unknown conditions were discovered during the demolition phase, on a building where as-built drawings were not available to go by during the design phase (same as here).

The total construction duration will be 420 calendar days from Notice To Proceed, putting the estimated completion around the end of November 2024. Construction activities will only occur during the daytime hours of 7:30am to 5pm, when the Lighthouse building will be completely vacant of guests and staff. During the nighttime hours of 5pm to 7:30am, an interior portion of the Lighthouse building will remain occupiable for up to 50 shelter guests plus staff during every night of the construction contract. The occupiable portion and construction zone will be separated by a barrier for safety purposes. The Navigation Center's normal daytime services will still be offered, but at the nearby Franklin Shelter rather than at the Lighthouse site, to avoid any safety conflicts during construction.

The Local Contract Review Board reviewed this contract at their September 8, 2023 meeting.

Budget and Financial Impacts:

Construction funding for the Lighthouse renovation effort and anticipated change orders is included in the 2023-2025 biennial budget. This includes funding from four different sources estimated as follows: \$400,000 from City American Rescue Plan Act (City ARPA), \$940,000 from City debt funding, \$300,000 State House Bill 2004, and \$1,000,000 from State Division of Administrative Services (DAS) 5561.

Community Outreach Process and Potential Impacts:

Extensive community outreach has been conducted regarding the continued need for resources to address houselessness in Bend. The City worked extensively with providers serving individuals and families experiencing houselessness to develop and refine the request for qualifications and proposal that resulted in Shepherd's House being selected to operate the Navigation Center through previous Council action in March 2022. Shepherd's House has Good



Neighbor Agreements in place and is responsive to concerns expressed by surrounding businesses.

Department Director Review: Grant Burke

Financial Review: Samantha Nelson

Legal Review: Reviewer Name

Attachments:

- Solicitation No. 23-4232 Notice of Intent to Award
- Proposed Contract