



## Legislation Details (With Text)

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<b>Title:</b>	CONSIDER RESOLUTION NO. 20-02-CRJPA, A RESOLUTION OF THE CARSON RECLAMATION JOINT POWERS AUTHORITY ADOPTING THE FISCAL YEAR 2020/21 BUDGET AND APPROVING APPROPRIATIONS FOR THE 2020/21 FISCAL YEAR				
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<b>Attachments:</b>	1. Resolution No 20-02-CRJPA Adopting FY 2020-21 budget, 2. FY 2020-21 Budget Page 1, 3. FY 2020-21 Budget Page 2, 4. FY 2020-21 Budget Page 3 - Expenditure Detail, 5. FY 2020-21 Budget Page 4 - Projected Revenue				

Date	Ver.	Action By	Action	Result
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## Report to Carson Reclamation Authority

Thursday, July 16, 2020

Discussion

### SUBJECT:

**CONSIDER RESOLUTION NO. 20-02-CRJPA, A RESOLUTION OF THE CARSON RECLAMATION JOINT POWERS AUTHORITY ADOPTING THE FISCAL YEAR 2020/21 BUDGET AND APPROVING APPROPRIATIONS FOR THE 2020/21 FISCAL YEAR**

### I. SUMMARY

This action approves the Fiscal Year 2020-21 Budget for the Carson Reclamation Authority.

### II. RECOMMENDATION

1. WAIVE FURTHER READING AND APPROVE Resolution No. 20-02-CRJPA, A RESOLUTION OF THE CARSON RECLAMATION JOINT POWERS AUTHORITY ADOPTING THE FISCAL YEAR 2020/21 BUDGET AND APPROVING APPROPRIATIONS FOR THE 2020/21 FISCAL YEAR

### III. ALTERNATIVES

Take another action the Board deems appropriate.

#### **IV. BACKGROUND**

On January 20, 2015, the governing Boards of the Housing Authority and Carson Community Facilities Districts Nos. 2012-1 and 2012-2 ("CFDs") approved each Board's authority to enter into an agreement for the formation of this Carson Reclamation Joint Powers Authority (CRA) for the purpose of overseeing, and facilitating the remediation of contaminated properties in the City of Carson; this was achieved pursuant to the Joint Exercise of Powers Act, commencing with section 6500 et seq. of the Government Code. The CRA will facilitate and fund the environmental study, investigation, remediation and reclamation of any and all contaminated properties in the City, or the acquisition and subsequent reclamation of contaminated properties. These powers include any improvements on property related to environmental clean-up and any negotiations or processing of property reclamation required in connection with the California Department of Toxic Substances Control ("DTSC") or any other State or Federal environmental agency. The Authority's powers may extend beyond mere property remediation to development planning and implementation, such as with the Cal Compact Landfill, currently owned by the CRA and under remedial construction activity right now.

This year's budget is presented in an easier-to-understand format, generally breaking up expenditures by General Administration; Permits, Legal, and Insurance; Utilities; Construction Costs on Cell 2; Construction Costs on Lenardo Road; and O&M costs. This segmentation provides more explanation of the different tasks undertaken by the CRA, and also clarifies expenditures where one contractor (or type of contractor) may have expenditure line items in different parts of the budget, and then allows the reader to look at anticipated revenue, some of which is on a project basis, against the estimated expenditures.

Additional clarification follows:

##### **General Administration/Professional Services**

1. Secondment Agreement. This is the arrangement where the City charges the CRA for staff time.
2. CRA Travel. Most travel has been to Sacramento for CPCFA/CALReUSE meetings; two are scheduled for later this year, if restrictions on travel are eased.
3. SEG Advisors. This contract was not renewed in 2019 and is not funded for this year.
4. Richmond Consulting. Considering not extending the term of the contract, which is to

assist obtaining approval from Caltrans for two digital signs along the 405 Freeway.

### **Permits, Fees, Legal, Insurance**

5. CRA pays permit fees to Water Board, AQMD, and pays DTSC for project oversight. CRA also has a lease with the Flood Control District.
  
6. Aleshire & Wynder fees. This is for general administration, construction-related (and reimbursed) expenditures, and litigation. Some of the cost of the CAM-Carson litigation may be covered by the insurers, but one insurer, CSAC, is an indemnity policy, which means the CRA would need to expend its funds first and be reimbursed by the insurer.
  
7. Greenberg Traurig legal services. Our insurance counsel, now important in making claims to insurers, incorporating Faring into various insurance programs, drafting the language on the Work Substitution Agreement or other mechanism when Faring takes over management of Cells 3, 4 and 5.
  
8. Marsh USA (D&O policy). Marsh is the CRA's insurance broker of record, having acquired JLT in 2019. This is the estimated annual renewal of the Public Officials Liability Policy (D&O policy). Another policy to renew at about the same dollar amount would be the Builder's Risk policy; however, that premium may be shifted to Faring (it is for Cells 3, 4, and 5) or a future budget amendment.

### **Utilities**

9. These amounts are about the historic levels of utility payments. This is for the utility service only (not construction) and paid directly by the CRA.

### **Construction-Related Costs (Cell 2)**

10. These are the estimated and contracted costs for the Cell 2 work remaining. The CRA would budget for these, assuming litigation settles during the fiscal year and work picks up where it left off. While it is likely that there would be changes to the contracts, contractors, pricing and other aspects of the project that would show up in the budget; this provides a baseline of estimated costs. Page 3 of the budget provides some detail of these costs.
- a. Snyder Langston WO #2 is the work of installing the piles and slab and is expected to be reimbursed to the CRA by CAM-Carson, LLC. This line item includes \$6.7 million in unpaid work for FY 2019-20, plus the estimate to complete of \$22.5 million.
  - b. Snyder Langston WO #3 is CRA-only work under the same contract, such as 48 piles for street lights and other civil construction work on the site. This is CRA's responsibility and not reimbursed by CAM.
  - c. Environmental General Contractor. This amount of \$37,021,709 represents about \$21 million of already-contracted work plus \$16 million or so of "new" work authorizations. Most of the "new" work to be authorized is re-contracting for work that had to be deferred when dealing with the waste consolidation issue and significant increases in grading and trenching and the increase in pile driving support as a result of the pile driving work plan.
  - d. RE|Solutions. The Development and Management Agreement (DMA) with RES provides that they earn 5% on all work contracted through them, including all the general (construction) contractors plus the designers, engineers and other consultants. That contract is still in effect but parties are working to amend the contract to an hourly billing contract, which will be less expensive to the CRA.
  - e. Engineers, designers and consultants. These dollar amounts reflect what was in their agreements at the same time work stopped in November, 2019.

### **Construction-Related Costs - Lenardo Road**

11. The CRA has been developing a scope and cost estimate of Lenardo Construction since early 2019. In October, 2019 Snyder Langston produced a cost estimated as a Potential Change Order (PCO). RES then incorporated all the non-Snyder Langston costs into an overall estimate. Like with Cell 2, there are some assumptions that should be explained.
- a. Snyder Langston GC work. Snyder Langston used approved wet utilities plans to pre-bid this work with several subcontractors to get an estimate. For Paving,

Lighting, Landscaping, and Dry Utilities, their cost estimating team developed estimates. They also included their normal insurance, fees, etc. to arrive at a cost of about \$25 million.

- b. The Snyder Langston PCO had a number of exclusions, meaning project costs that are not part of their contract. The largest exclusion is the environmental cost. While Lenardo is on “native” soil, the site is still located within the overall Cal Compact Landfill site and subject to the DTSC Health & Safety Plan. A separate contractor, such as TRC, typically provides that service. In addition, because Lenardo would be constructed ahead of the cells on at least one side of the street (when we were working on Cell 2, it was assumed that we would have to address Cells 3, 4, and 5, but now it looks that sequence could be flipped, and we should be concerned about the buffer on Cell 2 to protect Cells 3, 4 and 5). TRC had originally estimated a cost of \$10 million for the Cell 3, 4, and 5 buffer, and later reduced it to \$5 million based on already being on the site and their General Conditions absorbed as part of the Cell 2 remediation contract, not the street project. However, today a Cell 2 buffer may be required on behalf of the Cell 3, 4, and 5 project if the Faring project moved forward sooner than Cell 2. The estimated cost for the Cell 2 buffer zone would be \$8.5 million, but that work is already shown in the budget under the Cell 2 work and not shown in Lenardo.
  - c. A Cell 1 buffer would still be needed. The estimated cost is \$2.5 million and the design cost is estimated at \$250,000.
  - d. Other line items include plan check fees and permits, including those obtained from the Utility Providers; testing and site inspection; geotech, structural engineering, and oversight.
  - e. The next two items relate to the project being a Public Works project and not a development project; a payment bond is estimated between 1.25% and 2% of the construction cost, and a premium for compliance with the City’s Project Labor Agreement. The PLA Premium should be considered more a contingency than expenditure, as it could be relatively small or be reflected in fewer bidders bidding on the project, and therefore higher than expected pricing.
  - f. The last item in this section, for Project Management, reflects the need for overall project management, and could be RES, another project manager, or an allowance if Faring constructed the street as part of the Cell 3, 4, and 5 project with a contribution from the City and not the other way around.
12. O&M Costs. The first two line items reflect estimated cost O&M including operation of the Landfill Operation Center (the groundwater system and the gas collection system) and other daily testing and monitoring; the basic contractual cost of \$173,000 a month plus “allowances” of \$35,000 a month. Allowances are only used when needed and for work outside normal monthly scope of work on an as-needed basis. These could include pumping water out of landfill gas vaults after rain, or replacing valves that have failed, etc.

- a. RES Monthly Site Management Costs. These are pass-through costs for the site, including trailer rental and basic maintenance. The detail is provided on Page 3 of this budget. This is not compensation to RES. There is also one leased site vehicle.
- b. Mayfield is the contractor that provides for weed abatement, and also assists during the rainy season with SWPPP compliance, installing the devices to manage storm water.
- c. MBI is the CRA's Qualified SWPPP Practitioner, meaning they produce the annual stormwater management plan and maintain the records with the Water Board. This line item has previously been rolled into the O&M or Site Management line items.

### **Revenue Estimates**

Estimating revenue has been one of the biggest budgeting challenges this year, as there is pending litigation with CAM-Carson, LLC and no revenue being received at this point from that project, and the deal with Faring has been under negotiation for the past several months and only recently resulted in a significant deposit. The MOU has been approved and funds have been deposited.

This budget includes both projects as anticipated revenue sources: if the CAM litigation settles during the fiscal year and work resumes, it would be after the arrears have been settled and funds remitted to the CRA. Only then would work in the Cell 2 Construction section of the budget proceed. Likewise, staff did not budget any funds from Faring until at least the initial \$2 million MOU deposit was received, which suggests a seriousness about the project. The tight negotiation deadlines are helpful, too.

13. The anticipated Faring revenue is as follows:

- a. Option Payments A/B. The MOU specifies when these are paid and deposited with the CRA.
- b. Catch-up on carry costs. The MOU provided that, at close of escrow, Faring deposit the accrued pro rata share of carry costs from March 9 to June 9.
- c. Carry costs at 60% of the total, not to exceed \$3,000,000/year.
- d. Faring would reimburse the CRA for their pro rata share of the PLL and CPL/PLI insurance policies.
- e. Infrastructure Costs. Faring would pay their pro rata share of most infrastructure costs, including the offsite intersection improvements (partly funded by a Metro Tolls Revenue Share grant) and a portion of the installation of a new electrical service line to the 157 acre site from a location near the Porsche Experience Center. This line would serve Cells 1, 3, 4, and 5.

- f. Not included in the infrastructure cost share revenue is their participation in the construction of Lenardo, which is still being negotiated.
  - g. The escrow/deposit was made in June but is now available for use on the EIR and legal costs.
- 14. Contractual Obligations Under Litigation. These include the outstanding construction payment the Authority made on CAM's behalf in October, 2019 (\$3.3 million) plus the amount due to SL as shown in the Expenditure budget, plus interest and penalties. Next is the \$10,000,000 advance for infrastructure against future sales taxes. The next two line items are past due carry cost payments plus the accruing carry cost payments for FY 2020-21. Finally, the last item represents their future reimbursements for future Snyder Langston work remaining.
- 15. EFAA moneys. These are in the DTSC Enterprise Fund accounts.
- 16. Infrastructure Funding (City).
  - a. City Measure R/Measure M Local Return Bond Proceeds.
  - b. DIF funds collected for intersection improvements.
  - c. Metro Tolls Grant. The City received this grant in 2016 to fund 50% of the then-estimated cost of \$3.6 million for 10 intersections identified in the SEIR as requiring improvements to mitigate traffic from the approved project(s). These costs were estimated in 2013 and the budget reflects a 30% escalation, though the grant has not increased.

## **V. FISCAL IMPACT**

This is the budget for Fiscal Year 2020-2021. The large expenditures shown would only occur if the agreements under negotiation are finalized and executed (Faring) and the CAM litigation is resolved and work commences on the Cell with developer participation. Currently most work is O&M work.

## **VI. EXHIBITS**

- 1. Resolution No. 20-02-CRJPA (pgs. 8-9)
- 2. FY 2020-2021 Budget Page 1 (pg. 10)
- 3. FY 2020-2021 Budget Page 2 (pg. 11)
- 4. FY 2020-2021 Budget Page 3 (pg. 12)

5. FY 2020-2021 Budget Page 4 (pg. 13)

Prepared by: John S. Raymond, Executive Director