



TO: Mayor Tom Ross
Members of the City Council

FROM: Harold Stewart, City Manager

DATE: February 1, 2024

SUBJECT: Project Bee and Broadway Circle Actions

I. RECOMMENDED ACTION

1. It is recommended City Council approve the Mutual Termination Agreement with Project BEE for sub-recipient agreements related to the Broadway Circle Project;
2. Accept Assignment of the Mattson Construction Contract;
3. Accept Assignment of the EAPC Construction Management Contract;
4. Authorize the Mayor and Finance Director to sign all necessary documents;
5. Approve the necessary Budget Amendment; and
6. Approve Staff proceeding with payment of pay orders prior to a Second Reading.

II. DEPARTMENT CONTACT PERSONS

Harold Stewart, City Manager, 857-4750
Chris Plank, NDR Grant Manager, 857-1553
Dave Lakefield, Finance Director, 857-4784

III. DESCRIPTION

Background

Given some recent challenges Project BEE and City Staff deem it necessary to mutually terminate the three sub-recipient agreements related to the Broadway Circle project. Project BEE no longer has the financial capacity to complete the project.

In order to complete the project, avoid further cost increases, and to protect the City's credibility with the Federal government for current and future funding it is recommended the City complete the project. Completion would include:

1. Mutually terminate the sub-recipient agreements with Project Bee
 1. Sub-Recipient Agreement NDR007 (LMI Housing)
 2. Sub-Recipient Agreement NDR010 (Family Homeless Shelter)
 3. Allocation 1 Sub-Recipient Agreement (LMI Housing)
2. Accept assignment of the Mattson Construction Contract
 1. Original contract amount was for \$7,540,000
 2. Approved Change Orders are \$181,722.75
 3. Pending Change Orders are \$39,331.06 (makes total contract \$7,761,053.81)
 4. Total still owed to Mattson under the contract is \$4,482,073.31
 5. Federal funding the City still has available for the project is \$3,616,321.19
 6. Remaining additional City funding needed to fulfill the construction contract is \$865,752.12
3. Accept assignment of the EAPC Construction Management Contract
 1. Original contract amount was for \$361,092.00
 2. Approved Amendments/Reimbursables \$38,535.95 (makes total contract \$399,627.95)
 3. Remaining amount of the contract to be paid is \$26,915.86
4. Approve the recommended Budget Amendment
 1. Includes \$865,752.12 for Mattson Construction Contract
 2. Includes \$26,915.86 for EAP

4. Approves \$448,207.33 as a 10% contingency for the remaining construction
5. Funds will come from General Fund Reserves
6. Approve Staff to proceed with payment of Pay Orders past due to Mattson Construction and EAPC prior to a second reading.

IV. IMPACT:

Strategic Impact:

Protects access to current and future Federal funding (NAWS, Flood Control, Transportation, Transit, and CDBG Entitlement)

Service/Delivery Impact:

Completes the construction of the Family Homeless Shelter and 17 units of LMI housing

Fiscal Impact:

Potentially uses \$1,340,875.31 of General Fund Reserves. Funds could be recouped through lease or sale of the property in the future once an operator is found. During ownership the City will receive existing tenant rental payments. Staff is exploring other potential funding from other sources to minimize use of City General Fund Reserves.

Project BEE also still has some remaining donations and contributions towards the Broadway Circle Project that will be transferred to the City.

V. CITY COUNCIL ASPIRATIONS

Meets the Aspirations of *Excellent and Connected, and Resilient and Prepared.*

VI. ALTERNATIVES

1. Council could choose not to agree to the Mutual Termination or assignment of contracts seek other remedies against Project BEE.
2. Council could accept the Mutual Termination and pause the project to seek another sub- recipient.
3. Council could stop the project and return funds to HUD.

VII. TIME CONSTRAINTS

To minimize additional costs it is in the best interest of the City to have Mattson Construction continue working on the project at their current contracted prices. Any delay increases the costs and the timeline of construction.

VIII. LIST OF ATTACHMENTS

- A. Mutual Termination Agreement and Exhibits
- B. Assignment of Mattson Construction Contract
- C. Assignment of EAPC Construction Management Contract
- D. Budget Amendment