



CITY COUNCIL AGENDA REPORT
MEETING DATE: 11/05/2019
DEPARTMENT: Management Services

SUBJECT:

SUPPLEMENTAL BUDGET APPROPRIATION FOR DECOMMISSIONING SERVICES

RECOMMENDED ACTION(S):

Adopt a Resolution entitled: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE FOREST, CALIFORNIA, AMENDING THE OPERATING BUDGET FOR FISCAL YEAR 2019-20.

EXECUTIVE SUMMARY:

With the upcoming move to the new Civic Center campus, the City will terminate the existing office space lease. Per lease requirements, the City must remove certain tenant improvements such as City specific building signage, data and phone cabling, and any furniture that is not disposed of by other methods. These types of activities are commonly known as “decommissioning”. This service was not included in the Fiscal Year 2019-2020 Operating Budget because the scope of decommissioning and cost was unknown. Staff is recommending the City Council adopt the Resolution approving a supplemental budget appropriation for decommissioning services in the amount of \$46,400.

BACKGROUND:

The City moved into the current City Hall facility in late 2003 under a lease agreement with the Pacific Vista. The original lease included basic original tenant improvements, including built-in cabinets and an employee break room. Over the years, the space has changed and other improvements have been constructed by the City, including the City Council Dias and City Clerk counter. Additionally, the Building Management Company has changed a few times over the years, with the current management company being Newmark Knight Frank.

The lease document includes language on how the space must be left upon termination of the lease. As construction of the new Civic Center campus concludes and the City moves into the new facility, the existing City Hall lease

will be closed out with Newmark Knight Frank. One component of lease close-out is removal of improvements that were made after the initial tenant improvements, such as City signage and data cabling. Removal of these tenant improvements and cleaning out the facility is commonly referred to as decommissioning services.

DISCUSSION:

A bid for decommissioning services was posted on the City's Planet Bids site on September 24, 2019 and closed on October 7, 2019. The bid documents were downloaded by 14 firms and three firms submitted bids. Elegant Construction, Inc. was the lowest responsive, responsible bidder with a bid amount of \$42,191. The bid includes removal and disposal of City specific signage, tack boards, white boards, the City Clerk counter, the Planning counter, the Council Dias, data and phone cables, and any furniture that cannot be sold or donated.

As part of the decommissioning process, staff has contacted auction vendors regarding selling of existing furniture. Disposing of furniture by auction may result in additional revenue and will reduce costs under the decommissioning contract. Staff will also contact local non-profits regarding any remaining items, as is required in the Lake Forest Municipal Code. At the conclusion of the auction and donation process, any remaining items will then be removed from the existing City Hall and disposed of by Elegant Construction.

Staff is requesting the City Council approve a supplemental budget appropriation in the amount of \$46,400, which includes the bid amount and a 10% contingency. This expense was not included in the Fiscal Year 2019-20 Operating Budget because the scope of decommissioning was still being discussed with the Property Management company and the cost was unknown. The contract for decommission services is under the City Manager signing authority as a public project, per the City's Purchasing and Contracting Guidelines.

FISCAL IMPACT:

The fiscal impact of the recommended action is a General Fund expenditure increase of \$46,400. The estimated General Fund surplus from the Fiscal Year 2019-20 Operating Budget of \$1,558,150 would decrease by \$46,400. Sufficient funding exists in the current fiscal year.

ATTACHMENTS:

Resolution No. 2019-XX Amending Operating Budget for Fiscal Year 2019-20

Initiated By: Glynis Litvak, Management Analyst

Submitted By: Brett Channing, Director of Management Services

Approved By: Debra Rose, City Manager