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# CITY OF POMONA

## COUNCIL REPORT

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July 15, 2019

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted By: Darron Poulsen, Water Resources Director

**SUBJECT: Update and Direction Relating to the Water Resources Administration and Operations Facility and City Stable**

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### **RECOMMENDATION:**

It is recommended that the City Council take one of the two following actions:

**Option 1.** Direct staff to incorporate the historic City Stable building design into the “Water Resources Administration and Operations Facility” Capital Improvement Project 575-8125-xxxxx-93135 within available construction funding and insurance proceeds from “City Stable Facility” Capital Improvement Project (428-2590—xxxxx-71054) while taking necessary steps to secure the National Historic Landmark status of the City Stable.

OR

**Option 2.** Direct staff to proceed with “Water Resources Administration and Operations Facility” Capital Improvement Project 575-8125-xxxxx-93135 as currently designed and direct the Historical Preservation Commission to reconsider recommended use of Stable insurance proceeds as funded in “City Stable Facility” Capital Improvement Project (428-2590—xxxxx-71054) for historical asset preservation pending demolition of the Stable.

OR

**Option 3.** Direct staff to find other alternative outcome for the Stable reconstruction using insurance proceeds as funded in “City Stable Facility” Capital Improvement Project (428-2590-xxxxx-71054) and use other resources besides Water and Sewer Funds.

### **EXECUTIVE SUMMARY:**

Staff is seeking direction as to how to proceed with the “Water Resources Administration and Operations Facility” Capital Improvement Project; whether Water Resources will add the City Stable within the design; or move forward with the construction of the Project as currently designed and budgeted. Below is a historical explanation of why the Water Resources Administrative building is being replaced as part of the Project, as well as the preliminary cost estimates to rehabilitate and incorporate the City Stable within the design.



**FISCAL IMPACT:**

In either Option, no General Fund resources are being considered. However, there are fiscal impacts resulting from either decision.

Option 1 (include Stable in the Project) has two fiscal impacts:

- A. It would require use of the remainder of insurance proceeds from the structurally failed Stable in the amount of approximately \$883,340 that are currently appropriated in “City Stable Facility” Capital Improvement Project. It is unknown at this time if additional recovery can be obtained from the City’s carrier. When these insurance proceeds were reviewed by the Parks and Recreation Commission (as requested by the City Council), it recommended that the funds be used to reduce deferred maintenance of other historical facilities used by the public. Therefore, this resource would be redirected to the reconstruction of the Stable as part of the Water Project and no longer available for investment in other historic public facilities. The estimated cost to reconstruct the Stable is \$8.48M. The estimated construction cost of the already designed training center which the Stable would be replacing is approximately \$1.6M.
- B. It would require a reduction of scope of the planned “Water Resources Administration and Operations Facility” Capital Improvement Project, delay of operational enhancements, and future reduction of annual water and sewer infrastructure investment. The estimated net reduction of available Water/Sewer capital from the project is \$6M.

Option 2 (build the Project as planned and bid) has two fiscal impacts:

- A. Construction of the “Water Resources Administration and Operations Facility” Capital Improvement Project would require no additional resources and \$6M of capital would remain available for Water/Sewer infrastructure investment.
- B. Stable insurance proceeds are currently appropriated in “City Stable Facility” Capital Improvement Project would remain available for decision making on the possible Stable demolition and allocation toward other historical assets or other combination of outcomes bringing together other resources not related to Water/Sewer Funds. The insurance proceeds from the structurally failed Stable would still be available for the cost of demotion, or limited restoration depending on City Council direction. A schedule of various cost estimates for Stable reconstruction is presented below.

**PREVIOUS RELATED ACTION:**

On September 18, 2017, the City Council approved a settlement agreement with Southern California Gas Company and Southern California Edison for the clean-up of lamp black at the City’s Water Resources Department administrative and operations yard. A resolution was adopted to amend the 2017-18 Capital Improvement Program by appropriating \$3,875,000 from the settlement to the “Corporate Yard Facility” project; and awarded construction contracts to begin the relocation process.



On March 5, 2018, City Council adopted Resolution No.2018-16 creating a new Capital Improvement Project entitled City Stable Facility, Project No. 428-2590-xxxxx-71054 which received and appropriated the \$949,380 of insurance proceeds.

On June 3, 2019 as part of the approved FY 2019-20 Adopted Capital Improvement Project Budget, the description and project title changed to the “Water Resources Administration and Operations Facility”.

On June 3, 2019, City Council was presented with the disposition of the City Stable. At that meeting City Council requested staff look at alternatives to restore and preserve the City Stable.

## **DISCUSSION:**

### **HISTORY**

The Water Resources Department (WRD) Administrative and Operations facility yard is located at 148 N. Huntington Street utilizes approximately 3.4 acres of land, which is a separate parcel from the Public Works operations facility. Public Works field operations facility is adjacent to the WRD Administrative and Operations facility yard and is located at 636 W. Monterey Avenue. The City Stable building is located within the property utilized by the Public Works Department. Constructed in 1909, the City Stable building is in a dilapidated condition, much of which has collapsed.

From 1887 to 1917, the WRD Administrative and Operations facility yard site housed a natural gas manufacturing plant. The onsite activities performed in the past generated methane by burning coal. This process created a residue known as lamp black which is now considered carcinogenic. This tar like black substance eventually made its way into the soil. The plant was operated by a company which ultimately branched out to become Southern California Gas Company and Southern California Edison.

### **WATER RESOURCES ADMINISTRATIVE AND OPERATIONS**

The existing buildings that are occupied by the WRD staff were constructed in the 1920's and 1930's. The City Water Fund purchased the property decades later and established the administration and the maintenance yard for the Water and Sewer staff. As time passed, the Department's responsibilities and water and sewer systems grew. To keep up with this growth, staffing too increased and eventually it became apparent that the existing facilities were not adequate. Add to this, the age and condition of the facilities, and the fact that the lamp black was discovered and requires remediation, there is a need to construct new facilities.

To mitigate the soil contamination, the WRD staff negotiated with Southern California Gas Company and Southern California Edison to compensate the City for relocation costs and the current value of the existing buildings located on the property. This negotiation has since concluded and a \$3.9 million payment was received. This payment covered the cost of the removal of the existing buildings and Department relocation costs. Thus far roughly half of the soil remediation has been completed and once the new building construction starts, the existing buildings will be removed and lamp black beneath will be removed.



To replace the existing Water Resources buildings, staff worked with an architect to determine the spatial requirements of current and future staff, as well as an appropriate design that paid homage to the current WRD buildings. This design is complete and staff has bid the project and is ready to present the item to City Council for consideration. However, more recently staff was assigned the task to consider the utilization of the Stable in the planned Water Resources facility. To determine the cost of the proposed options, staff utilized planning level estimates from Cumming to repair the damage to the Stable and to restore it to its pre-collapsed condition for a complete onsite restoration. Most recently staff received an additional planning level estimate from “H” Construction Management Company for the relocation and restoration of the Stable at the proposed Water Resources training room site. Staff has also evaluated the option of leaving the Stable in its existing location and using it for utility purposes. This alternative did not prove advantageous as the Stable’s location is not best suited for the potential uses of the WRD, or any public function. Reasons for this determination are the Stable is located within, and to the rear of the Public Works field operations yard. This includes being located adjacent to the trash truck parking area, directly across from the City fuel station, directly across from the City’s vehicle wash rack, and located behind and across from the City vehicle maintenance garage. This being the case, there is a high volume of vehicular traffic, much of which are large trash trucks. Additionally, public parking for the Stable is a few hundred feet away and in the front of the Public Works facility. For these reasons, rehabilitation and utilization of the Stable at its current location is not a preferred alternative.

Another option is to relocate and utilize the Stable as part of the WRD Administrative building training room. Staff has received a planning level estimate for this option, which is provided below. This option allows the Stable to be completely restored, utilized by the public when not in use by WRD, and can be located so that sufficient access and public parking is available. Because of these listed reasons, this is the preferred manner to incorporate the Stable reconstruction into the Project.

#### STABLE COSTS

There are three planning level estimates provided, each with a different cost. Below is a brief description of the level of effort associated with each one and a cost estimate.

**Planning Level 1:** Rehabilitate the existing building to its pre-collapsed condition. This includes restoring the east walls, roof and appurtenances. This option does not restore the building to an inhabitable condition and would require at least \$2.3M additional funding.  
*\$3.18 million*

**Planning Level 2:** Rehabilitate the existing building and make the space usable for office/storage space. This would create a usable shell at the problematic site and would require at least \$4.2M additional funding.  
*\$5.11 million*

**Planning Level 3:** Disassemble and clean brick and other appurtenances and relocate to the Water Resources administrative building site. Reconstruct Stable and make the space usable for the training and meeting room. This option would become part of the Project and would require \$6M additional funding which would be made available by reducing the Project scope and redesigning of the training and meeting room.



*\$8.48 million*

As was mentioned staff advertised for a design-build bid for the WRD administrative building. Of the bids received, Kemp Bros. Construction, working with Sillman Wright Architects was selected as the most qualified bidder. Staff, and the City's consultant Griffin Structures, have been negotiating a final price with Kemp whose original not to exceed cost is \$26,072,650. If directed, staff will negotiate with Kemp for the restoration of the Stable for use by Water Resources. In that process, staff will eliminate existing facilities and amenities within the current design to keep the cost to the utilities as in-line as possible with what was already determined to be the cost to the utility.

This narrative has disclosed the impacts of both options which are both fiscal and operational since it involves the use of Water/Sewer Capital improvement funds. However, there is a powerful public benefit from imbedding the restoration of the Stable in the Project (Option 1). That benefit would be the preservation of an historical asset which, as part of the Water/Sewer Enterprise Fund function, would have a reliable revenue stream for future preservation. Preservation of the Stable, once restored as part of the Water Resources Department facilities, would no longer be dependent on philanthropic or other special grants, nor the fiscal vicissitudes Pomona's general revenues. The Stable would become a facility accessible to the public for use as a beautifully unique meeting room capturing an era of Pomona's rich history while simultaneously serving the training needs of the Water Resources Department which has awaited the Project for well over a decade.

Prepared by:

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