

Agenda Item 3.E

RECOMMENDATION

Staff recommends that the Tracy Homelessness Advisory Committee recommend that the City Council adopt a resolution approving a procurement agreement with Linked Equipment, LLC for the purchase of eight pre-manufactured custom container structures in an amount not to exceed \$716,320 to be installed as part of the site improvements at the Temporary Emergency Housing Project, CIP 71112, at 370 W. Arbor Avenue.

EXECUTIVE SUMMARY

Staff is requesting that the City Council approve a Procurement Agreement for the direct purchase of eight (8) pre-manufactured custom containers in a not to exceed amount of \$716,320 from the manufacturer, Linked Equipment, Inc.(Vendor), of Phoenix, Arizona, to expediate the fabrication, delivery, and installation of housing for the Temporary Emergency Housing Project, CIP 71112.

BACKGROUND AND LEGISLATIVE HISTORY

Given the complexity and magnitude of the homelessness crisis, further exacerbated by the COVID-19 pandemic, supply chain constraints, and the limited supply of affordable permanent housing options not only in the City, but throughout San Joaquin County, there is a significant and immediate need for interim housing solutions in the City, including interim emergency housing. Concerns about the public health, safety, and welfare of unsheltered individuals grows as the months progress without options to shelter the unhoused.

On March 10, 2020, the City Council declared a shelter crisis through the adoption of Resolution No. 2020-052. On September 1, 2020, Council authorized the creation of a Capital Improvement Project (CIP) for the Temporary Emergency Housing Project on Arbor Avenue, CIP 71112 (Facility), to create a safe and dignified facility for residents experiencing homelessness. Phase 1 of the project, which included demolition of an existing structure, installation of underground utilities and grading, began earlier this year and has been completed. Phase 2, which is to include the construction of above ground structures, fencing, and sidewalks was to begin this summer. Only one bid was received, and the bid was deemed non-responsive because the required federal compliance forms were not included in the bid packet. The bid also significantly exceeded the engineers' estimate. On August 16, 2022, staff recommended that City Council reject the single bid received for the Temporary Emergency Housing Project on Arbor Avenue, Site Improvements Construction Package 2, CIP 71112, and authorize staff to re-advertise the project and rebid of the project. As this created a delay, on August 16, 2022, the City Council adopted Resolution No. 2022-121, which reaffirmed an emergency shelter crisis as the City of Tracy continues to experience an increasing number of unsheltered individuals. Due to the declaration of an emergency, the Resolution authorized the City Manager to take requisite actions needed to expeditiously provide interim housing solutions. The Resolution also dispensed the procurement requirements for professional services pursuant to Tracy Municipal Code Section 2.20.140(b)(6).

ANALYSIS

Since August 2022, staff has presented to City Council various staff reports to ratify expenses related to the interim emergency solution, also known as Phase 3 (Modulars) and Phase 4 (Custom Containers), purchased under Resolution No. 2022-121 from CC915, Inc., dba Custom Containers 915 (CC915). As of December 29, 2022, eight (8) custom containers were delivered to the Arbor Avenue site. During this period, extreme unforeseen weather conditions were experienced in northern California with massive and extensive rain over several weeks. A completed punch list detailing various deficiencies were identified by staff and provided to CC915 on January 4, 2023. As a result of the severity of the noted deficiencies with the CC915's custom containers (Phase 4), staff has been unable to accept and issue certificates of occupancy of Phase 4.

Staff has spent several months working with the vendor, CC915, on the outstanding punch list to complete the repairs. The City has been unable to complete connection to power, utilities, and fire protection until the punch list items are completed by CC915. While the vendor has stated both verbally and through emails that they intend to make the City "whole" and provide adequate shelter facilities with their product, staff has increased concern about meeting the deadlines for the grant funding for this project. For example, staff has noted during the weekly memos to the City Council that CC915 has failed to be on site for several weeks. On May 1, 2023, the City proceeded with protecting the unsecured custom containers from further rain damage after CC915 removed all doors and door frames on the containers and failed to come back and secure them even after being notified of the weather.

The City was awarded a \$1.2 million grant from Health Plan of San Joaquin (HPSJ) to fund the purchase and installation of custom containers. The City received one final extension from Health Plan of San Joaquin to have the additional 38 beds in-service by October 31, 2023. In conversation with HPSJ, "in service" refers to the date that the units/custom containers are available to receive and be occupied by an individual for shelter. Based on CC915's inability to complete repairs on-time, the inadequacy of repairs to date, their continued lack of presence at the Arbor Avenue site, unresponsiveness to an emergency and missing their own set deadlines, staff has no confidence in CC915 completing the punch list.

In order to meet the grant funding deadlines and to continue moving forward with providing interim housing solutions to the unsheltered, staff is recommending that the City procure new containers from a different vendor to replace the existing custom containers. Staff has engaged Linked Equipment, LLC for similar units meeting California building code specifications. The City has utilized Linked Equipment for custom container unit types for the procurement of bathrooms and laundry facilities for the Tracy Shelter site. The Council previously approved a procurement agreement for the procurement of pre-manufactured restroom, shower, laundry, storage, and mechanical building structures from Vendor pursuant to Resolution No.2021-198. The City has been successful with this Vendor, not only with the final product, but with the final product meeting CA Building Code Standards. This agreement was procured as a sole source, since there were no other vendors available to provide the type of units required by the City in accordance with all applicable California specifications.

To meet the HPSJ grant funding milestones, it is to the City's advantage to procure these custom containers from Linked Equipment, Inc. based on their responsiveness and ability to

meet California Building Code requirements. Based on past experience with this Vendor and their area of expertise in building custom containers, the City will be able to provide adequate living quarters for the additional 38 beds required to be in-service by October 31, 2023. It is anticipated that this procurement contract will be an exception to the TMC section 2.20180(b)(4) When, in the determination of the City Council, compliance with the procedure is not in the best interest of the City for those commodities, equipment or general services the costs of which equal or exceed Fifty Thousand and no/100ths (\$50,000.00) Dollars.

The estimate provided by Linked Equipment for the eight custom containers (38 beds) is approximately \$651,200. The City will be responsible for shipping and delivery to the Arbor Avenue site. As a result, the City anticipates an approximate total purchase cost of \$716,320, which includes 10% contingency.

FISCAL IMPACT

The cost for the equipment is approximately \$716,320, which includes fabrication of the units, and 10% contingency. The City secured a grant of \$1.2 million from Health Plan of San Joaquin for the costs of the custom containers and interim site expenses related to Phase 3 and Phase 4. In addition, the City has committed funding from ARPA for the operations costs at the Temporary Housing Emergency Shelter.

CEQA DETERMINATION

Government Code section 8698.4 exempts the application of the California Environmental Quality Act (CEQA) to various actions taken by public agencies to implement the construction of a homeless shelter in response to a declared shelter crisis. In addition, the interim solutions taken thus far are in furtherance of and related to the permanent solution that will be implemented, referred to as the Temporary Emergency Housing Project on Arbor Avenue (CIP 71112). A Notice of Exemption was issued on October 16, 2020, for the Temporary Emergency Housing site at 500 Arbor Avenue in accordance with Government Code sections 65660-65662 for Low Barrier navigation Centers and Section 15269c) of the CEQA Guidelines (14 Cal. Code Regs. 15269(c) for (Emergency Projects). No environmental impacts beyond those already analyzed for the CIP exist; accordingly, no further CEQA analysis is needed.

STRATEGIC PLAN

This agenda item supports the Public Safety Strategic Priority, *Implement the adopted Homelessness Strategic Plan.*

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the Tracy Homelessness Advisory Committee recommend that the City Council adopt a resolution approving a procurement agreement with Linked Equipment, LLC for the purchase of eight pre-manufactured custom container structures in an amount not to exceed \$716,320 to be installed as part of the site improvements at the Temporary Emergency Housing Project, CIP 71112, at 370 W. Arbor Avenue.

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Reviewed by: Riana Daniel, Deputy City Attorney
Approved by: Michael Rogers, City Manager

ATTACHMENT A – Linked Equipment Proposed Gantt Chart

CONTAINER DORMITORIES FOR TEH PHASE 4

City of Tracy
5/12/2023

Project Start Date:

Display Month (28 day):

