



# Administrative Report

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N.4., File # 23-7377

Meeting Date: 12/19/2023

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**To: MAYOR AND CITY COUNCIL**

**From:** ELIZABETH HAUSE, ASSISTANT TO THE CITY MANAGER  
JOY ABAQUIN FORD, QUALITY OF LIFE PROSECUTOR TED  
SEMAAN, PUBLIC WORKS DIRECTOR

## **TITLE**

APPROVE A MASTER PRODUCT AND SERVICES AGREEMENT WITH PALLET PBC FOR THE PURCHASE OF TWENTY-FIVE (25) PALLET SHELTER UNITS FOR AN AMOUNT NOT TO EXCEED \$300,057.41 AND AUTHORIZE THE ADVANCEMENT OF A PORTION OF LA COUNTY PALLET SHELTER EXPANSION GRANT FUNDS TO COMPLETE THE PURCHASE

## **EXECUTIVE SUMMARY**

As part of the Strategic Plan, the City Council directed the City Attorney's Office to return with an item discussing the feasibility of expanding the City's Pallet Shelter program. Concurrently, during the FY 2023-24 budget adoption process, the City Council approved expanding the Pallet Shelter on the condition of identifying grant funds. On November 7, 2023, the City Attorney's Office informed the Council a commitment was obtained from the Office of Los Angeles Board of Supervisor Holly Mitchell for \$800,000 to support the expansion of the Pallet Shelter. The total cost to add twenty-five (25) additional units at the Pallet Shelter is estimated to be up to \$1,568,750. Public Works confirms that \$30,000 of sewer costs can be funded by Wastewater Funds, leaving a balance of up to \$738,750. The City Attorney's Office has worked with the South Bay Cities Council of Governments (SBCCOG) to apply for funds from HealthNet to cover the cost balance; the outcome of the proposal to HealthNet is unknown, but early indications of success are positive.

Should the Council wish to proceed with expanding the Pallet Shelter program, it is recommended that Council approve the purchase of the additional pallet shelters prior to the end of the calendar year, as the units will nearly double in price at the start of 2024. To secure the shelters, Council must authorize staff to advance a portion (roughly \$300,057) of the LA County-provided Pallet Shelter Expansion Grant Funds to complete the shelter purchase. Of this amount, a wire transfer in the amount of \$150,028.71 would be transmitted prior to December 22, 2023 as a deposit against the invoice for shelters to ensure the current pricing. The pallets, once received, would be stored until final funding is secured and the Project is approved for construction.

## **BACKGROUND**

The infrastructure costs to expand the Pallet Shelter requires civil engineering, electrical engineering, plan design and architecture, grading, paving, accessibility and retainment, electrical, sewer, pallet shelter units and restrooms, and a 25% contingency. Staff is optimistic that the actual cost will be less than the estimated total of \$1,568,750.

Supervisor Mitchell is granting the City \$800,000 for the expansion. The sewer costs for the expansion can be funded by unallocated Wastewater Funds. With these funding sources considered, the City still potentially needs up to \$738,750 for the expansion of the Pallet Shelter facility.

<b>Expenditure Category</b>	<b>Estimated Cost</b>
Civil Engineering	\$50,000
Electrical Engineering	\$50,000
Plan Design and Architecture	\$75,000
Grading, Paving and Accessibility and Retainment	\$245,000
Electrical	\$255,000
Sewer	\$30,000
Pallet Shelter Units, Restrooms, and General Use Unit	\$550,000
Contingency (25%)	\$313,750
<b>Total</b>	<b>\$1,568,750</b>
<b>Funding</b>	
Los Angeles County Grant	\$800,000
Wastewater Fund	\$30,000
<b>Balance (Deficit)</b>	<b>(\$738,750)</b>

The City Attorney's Office has worked with the SBCCOG to apply for funding from HealthNet that would cover the remaining Project balance. Staff is hopeful that HealthNet will grant the City the funding request in its entirety, but the outcome will remain unknown for some time.

Pallet PBC, the manufacturer of the shelters, will be retiring the 64 square-foot models at the end of the calendar year, which is the current model at the Redondo Beach Pallet Shelter. The 64 square-foot model currently costs \$7,995 per cabin. If the Master Product and Services Agreement for the purchase of the twenty-five (25) is not approved by the City Council, the new available model will be 70 square-foot in size, and the price will increase to \$15,250 per cabin.

Therefore, should the City Council wish to expand the number of Pallet Shelters, it is recommended that the City Council approve the Master Product and Services Agreement with Pallet PBC and authorize staff to advance a portion (\$300,057.41) of the \$800,000 of LA County-provided Pallet Shelter Expansion Funds to complete the shelter purchase immediately. Of this amount, a wire transfer in the amount of \$150,028.71 will be transmitted prior to December 22, 2023 as a deposit against the invoice for shelters.

### **COORDINATION**

This report was coordinated between the Public Works Department and the Offices of the City Manager and City Attorney.

### **FISCAL IMPACT**

Funding for the \$300,057.41 purchase of new pallet shelters is available through the \$800,000 grant award provided by the Office of Los Angeles Board of Supervisor Holly Mitchell. Additionally, the

City has applied for roughly \$750,000 of pallet shelter grant funding from HealthNet which, if awarded, would be sufficient to cover the balance of the remaining pallet shelter expansion project costs. A Budget Modification for the appropriation of grant funds will be brought to the City Council at a later date when the final award amount has been determined.

**APPROVED BY:**

*Mike Witzansky, City Manager*

**ATTACHMENTS**

- Agmt - Pallet PBC, Master Product and Services Agreement