

First phase of Pebble Beach stabilization project authorized

May 15, 2020



Despite facing budgetary shortfalls due to the pandemic-caused economic shutdown, the Crescent City City Council couldn't pass up a "once-in-a-lifetime" opportunity and voted to move forward funding a bank stabilization project along Pebble Beach Drive.

City Manager Eric Wier explained December 2016 storms caused significant erosion along Pebble Beach Drive from Preston Island to Sixth Street. A combination of funding factors are available to pay for 97 percent of the initial preliminary engineering (PE) portion of the repair project.

"This is a great opportunity, a once in a lifetime for this community," Wier said. "The FHWA will pick up approximately 88 percent of costs, Caltrans will then be able to contribute about 10 percent, leaving the local level to fund 3 percent overall."

Initial staff and consultant estimates in 2019 put PE costs at \$458,000 and another \$3,382,950 for construction. The city was originally approved to receive funds to cover the \$458,000.

Due to delays in the request for the bidding process, caused twice by the city only receiving single bids, COWI North America, Inc., out of Oakland, Calif., submitted a bid that was finally authorized by Caltrans. Wier said their new PE cost came to \$1.1 million due to the passage of time and a more detailed look at the scope to complete the project. Del Norte County has also contracted with COWI to perform similar PE work along its section of Pebble Beach Drive.

Wier said the city can move forward with the project and spend its funds to make up the PE shortfall of \$651,738. In the past, Congress has allocated additional funding for disasters after the appropriations were fully spent. If Congress chooses to do so for this disaster, the city would then be eligible for reimbursement. The staff report noted that although Congress has allocated additional funding in the past, this is not a guarantee.

Currently, the construction phase of this project does not have full funding secured. The city will not be able to request those funds until the PE is completed and clearance is received from Federal Highway Administration and Caltrans.

“This is a balancing act of risk versus reward, with no guarantee they reimburse us,” Wier said of Congress. “The county is proceeding with their project with the same scenario of \$600,000 funding they have to put forward. They have applied for several grants in the past and are confident they will receive it, which is usually reimbursed within 12-24 months.”

Wier said the decision before the city council boiled down to three choices:

- Evaluate the risk and say the risk is too much and don’t want to move forward.
- Move forward with just the \$458,000 piece and stop, then wait for additional funding. Wier said the problem with the option is the county will keep moving forward with their entire PE, and if the city tried to pick up the rest of its project at a later date, it would be a lot more expensive than now.
- Proceed and find \$650,000 to fund the rest of the PE project.

“It’s not an ideal time to fund \$650,000 facing the extreme revenue shortfall due to the COVID-19 crisis,” Wier said. “We need to look at borrowing money from an enterprise fund (such as water or sewer funds), that would need to be paid back with interest. I don’t see the interest piece being paid back.”

Tamera Leighton, Executive Director of Del Norte Local Transportation, strongly encouraged the city council to move forward with the project while they could.

“If the city council does not take this opportunity to fund the project now, I don’t believe there will be another opportunity in the near future, meaning 5-10 years,” Leighton said, adding if the city decides to move forward, she didn’t think the funding will go away due to economic shortfalls at all levels of government.

“I would like to caution the city if it does not move forward in a very assertive way, the funding will be lost, the project will miss its deadline, and the project will not move forward at any time in the foreseeable future.

There just is not a funding source for the one you have one now that will pay for the project.”

Jean Toilliez, COWI project manager, advised the city to move forward with the project as the county’s portion was already proceeding. The same 3D mapping survey crews could be used in May and the same drill rig in June.

“But the botany studies need to be done in the May, June and July months,” Toilliez said. “If you miss that window, you’ll have to wait until next May to get all the permitting needed.”

Mayor Blake Inscore appreciated the urgency of moving forward while the funding was available while weighing the heavy financial risk.

“We are in unique times as a city financially. We’ve never experienced something like this and have to take that into consideration when we’re not guaranteed reimbursement. My concern is moving forward with the project without actual strategy completing the preliminary engineering,” Inscore said.

He advocated taking on the full PE as the return in value to the community demanded it be done right the first time without having to return later at even more cost to the city.

“I know \$650,000 is a tough bite right this minute. I’m not saying it’s impossible. I’m just saying it’s a very, very important decision before us. We need to be thinking about a way to approach it,” he said.

In the end, Wier outlined the council could agree to sign the \$458,000 contract with COWI now and staff would return at the June 1 city council meeting with a detailed plan on how to fill in the remainder through loans from its enterprise funds.

Mayor Pro Tem Hiedi Kime said for her, the decision came down to it’s now or never.

“It’s infrastructure that would be very expensive to replace. For personal reasons, it’s one of the most important reasons to live here is Pebble Beach Drive. We are a tourist community. And it’s really important,” Kime said.

City Attorney Martha Rice advised Kime should recuse herself from the vote, in an abundance of caution, due to her residence being located close to the project zone.