



CITY OF MENIFEE

SUBJECT: Bid Award and Agreement with AD Improvements, Inc. for the Krikorian Entertainment Complex Demolition and Site Clearance Project

MEETING DATE: November 20, 2024

TO: Mayor and City Council

PREPARED BY: Craig Carlson, Building Official

REVIEWED BY: Cheryl Kitzerow, Community Development Director

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Award bid and authorize the City Manager to execute a Contract Services Agreement with AD Improvements, Inc. for the Krikorian Entertainment Complex Demolition and Site Clearance Project ("Project"), located at the southwest corner of Newport Road and Town Center Drive, in the total amount of \$231,100; and
2. Adopt a budget amendment resolution appropriating \$265,765 for the Project within the General Fund.

DISCUSSION

The Krikorian Entertainment Complex is located at 27387, 27459, and 27483 Newport Road ("Property"). The site consists of three partially completed commercial structures – one retail framed shell building, one burned retail building with only remaining foundation/posts, and one partially constructed movie theater building.

The City has been involved with Code Enforcement issues relating to the Property since September 1, 2021, when the Property was found to be in non-compliance for lack of development standards, graffiti, and overgrown vegetation. On June 2, 2023, the building permits for the Property were deemed expired for lack of on-going construction progress and, on October 12, 2023, City Code Enforcement inspected the Property and issued Showprop Menifee De, LLC ("Owner") a Notice of Intent to Abate Public Nuisance ("Notice") relating to 27387 Newport Road (theater building). The Owner appealed said Notice. On November 29, 2023, City Code Enforcement inspected the Property and issued the Owner a Notice relating to 27459 and 27483

Newport Road (other retail building/foundation). The Owner appealed said Notice. On February 12, 2024, an Administrative Hearing took place on the Owner's appeal of the Notice relating to 27387 Newport Road (theater building) and on February 26, 2024, the hearing officer denied the Owner's appeal and upheld the Notice.

On April 25, 2024, due to the public nuisance and the length of time that the existing construction was exposed to the elements, a comprehensive inspection of the Property (pursuant to an approved inspection warrant issued by the Court on April 17, 2024) was performed by a team of Structural Engineers, City Fire Inspectors, and other construction specialists to fully assess the fire, life safety, environmental and health hazards at the Property. The inspection was necessary in order to determine the extent and scope of the substandard conditions on the Property and what further enforcement action it should take to ensure the safety of community. The findings in the report revealed a number of substandard conditions that constitute public nuisances under each of the City's regulations: Menifee Municipal Code section 11.20.020(2)(a-j), (4), (5), (7), (8), (13), (14), (27), (34), (39), (40(a, c).

On June 5, 2024, the City Council adopted Resolution No. 24-1434 finding and declaring the conditions at the theater building to be a public nuisance and ordered the abatement thereof. The Council authorized the City to abate the theater building by demolition if the Owner failed to do so in a timely manner, which has not occurred. As a result, staff prepared a request for bids to move forward with the abatement. The Project would consist of site clearance, debris removal, demolition and removal of structures, accessory structures, foundation, concrete work, pavement, footings, and all vegetation. The Project would also include the removal of sub-surface utilities and the cap-off of water and sewer lines per Building Division and Public Works requirements. The City requested that bidders provide bids for demolition of the theater building along with an additional bid for demolition of the retail pads in case the Owner fails to timely abate the nuisance conditions associated with those structures. On June 13, 2024 the land use entitlements for the Project expired.

On September 26, 2024, an electronic bid opening was held following the administration of a formal competitive bid process for demolition services for the Project. The bid opening resulted in the receipt of nine bid submissions with several bids submitted in amounts lower than the Engineer's Estimate, as summarized in Table 1 below.

TABLE 1 – BID RESULTS SUMMARY

Firm Name	Bid Amount	Award
<i>Engineers Estimate</i>	<i>\$350,000.00</i>	
AD Improvements, Inc.	\$231,100.00	X
Resource Environmental, Inc.	\$251,000.00	
Interior Demolition, Inc.	\$393,721.00	
Vertex Civil	\$514,313.82	
Danny Ryan Precision Contracting, Inc. dba ADEP Precision Contracting	\$605,000.00	
Leonida Builders, Inc.	\$683,000.00	
SoCal Shaker Plates & Construction Site Services	\$760,000.00	
Unlimited Environmental, Inc.	\$1,011,200.00	
Graham Crackers Demolition, Inc.	\$1,035,699.62	

Staff reviewed the lowest bid and determined that AD Improvements, Inc. ("Contractor") met the requirements for recommendation as the lowest responsive and responsible bidder. The total cost for demolition services with the Contractor is \$231,100 (\$192,000 for Theater property; \$39,000 for Retail pads property). Inspection services would be provided by City staff and if needed, ancillary services, such as labor compliance, materials testing, and environmental clearance, would be procured separately.

If approved by the City Council, the tentative Project schedule would be as follows:

Demolition Start:	December 2024
Demolition End:	February 2025
<u>City Council Acceptance:</u>	<u>February 2025</u>

The timeline above assumes no delays due to weather or unforeseen conditions.

On October 30, 2024, the City held a second administrative appeal in respect to the retail pads. The hearing officer has yet to issue his determination with respect to that appeal. If the hearing officer rules in the City's favor, then City Staff would return to the City Council for consideration of a resolution to declare the retail pad structures as public nuisances and order that the Owner abate the same by demolition. If the Owner fails to then abate those nuisance conditions in a timely manner, the City would also need to move forward with demolition of the retail pad structures in addition to the theater building. As such, at this point the City is hereby also seeking authorization to move forward with demolition of the retail pads on condition that the Owner fails to timely abate those structures by demolition. AD Improvements, Inc. bid amount includes both demolition of the theater and retail pad structures. The cost for the theater demolition is \$190,000 and the cost for the retail pads is \$39,000.

Environmental Impact

The proposed Project has been determined to be Categorically Exempt under the California Environmental Quality Act ("CEQA") and CEQA Guidelines, Section 15301, Existing Facilities. Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use. Class 1 includes the following examples of projects that would be exempt under section (I)(3): The demolition and removal of ...A store, motel, office, restaurant, or similar small commercial structure if designed for an occupant load of 30 persons or less. In urbanized areas, the exemption also applies to the demolition of up to three such commercial buildings on sites zoned for such use. The Project is for the demolition of three (3) partially constructed commercial structures on an existing urban site. No additional structures will be built with the Project and there will be no expansion of existing use. The Project is exempt per Section 15301.

The proposed Project is also exempt under the general rule that CEQA applies only to Projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA (Section 15061(b)(3)). There is no possibility that the activity in question would have a significant effect on the environment because the proposed Project is occurring in an area that is heavily disturbed and is not environmentally sensitive.

The amount of the proposed Contract Services Agreement (“Contract”) exceeds the City Manager’s signing authority. Pursuant to Menifee Municipal Code §3.12.040, any contract amount that exceeds the City Manager’s signing authority shall be approved by the City Council.

STRATEGIC PLAN OBJECTIVE

Safe and Vibrant Community

FISCAL IMPACT

The fiscal impact of the proposed Contract with AD Improvements, Inc. is in the total amount not-to-exceed \$231,000. The total anticipated fiscal impact for the construction phase of the Project, which includes the cost of the Contract and ancillary services such as labor compliance, material testing, and environmental clearance, as well as unforeseen costs that may arise during construction, is \$265,765. The Finance Department would appropriate the necessary funds from the Nuisance Abatement account for the Building and Safety Division within the General Fund (1100-CDD-BLDG-651462) for the total Project amount of \$265,765 as summarized in Table 2 below.

TABLE 2 – PROJECT BUDGET

Fund	Account	Anticipated Cost
General Fund	Nuisance Abatement	\$265,765
	TOTAL	\$265,765

The City would initially pay the full costs of the abatement, i.e., \$265,765, and associated staff and legal costs, from the available fund balance in the General Fund. The City would thereafter seek to recover the full costs of abatement through a lien and/or assessment placed on the property, or through direct recovery efforts against the property owner. To the extent any costs of abatement are recovered, they would be repaid to the General Fund.

ATTACHMENTS

1. Project Location Map
2. Agreement
3. Budget Amendment Resolution