



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen
Jeffrey L. Clet
Larry D. Lisenbee

**SUBJECT: RELOCATION OF
FIRE STATION NO. 25 PROJECT**

DATE: 06-01-06

Approved

Date 6-02-06

COUNCIL DISTRICT: 4

REASON FOR SUPPLEMENTAL MEMO

To provide additional information obtained after bids were opened.

RECOMMENDATION

- a. Adoption of the following Appropriation Ordinance amendments in the Neighborhood Security Bond Fund (Fund 475):
 1. Increase the appropriation to the Fire Department for the Fire Station No. 25 – Relocation Project by \$1,147,000; and
 2. Decrease the appropriation for the Fire Training Center Project by \$267,000, and
 3. Decrease the Contingency Reserve by \$880,000.
- b. Report on bids and award of contract for the Relocation of Fire Station No. 25 Project to the low bidder, D.L. Falk Construction Inc., to include the base bid and Add Alternate Nos. 1 and 2 in the amount of \$3,703,800, and approval of a contingency in the amount of \$185,190.
- c. Approval of the first amendment to the agreement with BFGC Architects Planners, Inc. (BFGC) to increase the agreement compensation in the amount of \$68,800, for a total agreement amount of \$377,800.

CEQA: FS No. 25: Resolution No. 69636 and addenda thereto, File No. PP04-331.

OUTCOME

1. Approval of the Appropriation Ordinance amendments in the Neighborhood Security Bond Fund (Fund 475) will provide sufficient funding to award the project.
2. Approval of this construction contract to D. L. Falk Construction Inc. will allow for the construction of the Relocation of Fire Station No. 25 Project to proceed as scheduled. Approval of the five percent contingency will provide funding for any unanticipated work necessary for the proper completion or construction of the Project.
3. Approval of the first amendment to the agreement with BFGC Architects Planners, Inc. allows the City to restore funds available for the desired level of construction administration services during construction.

EXECUTIVE SUMMARY

The purpose of this Supplemental Memorandum is to (1) recommend an increase in the appropriation to the Fire Department for the Fire Station No. 25 Relocation Project from General Obligation bonds approved by the voters in March 2002, and consistent with the 2006-2007 Proposed Capital Improvement Budget, (2) report on bids and award a contract to the low bidder, D.L. Falk Construction Inc., including two Add Alternates and, (3) approve the first amendment to the agreement with BFGC to provide architectural construction administration services during construction.

BACKGROUND

In March 2002, San José voters passed the Neighborhood Security Bond Act that approved the issuance of \$159 million in General Obligation bonds to fund the construction of various public safety facilities. One of the items funded under the Bond Act is the construction of four new fire stations to replace four existing stations. A new Fire Station No. 25 will be built at 2125 Wilson Way, and will replace the current station located approximately one mile away at 1590 Gold Street, in the Alviso area of San José. This site was selected based on public input and Council approval.

The Relocation of Fire Station No. 25 Project is being developed in two phases. On August 9, 2005, Council awarded Phase 1 of the project for the construction of a building pad above the 100-year flood plain in accordance with Federal Emergency Management Agency requirements. The elevated building pad was completed in February 2006. Early completion of the building pad was necessary to allow for a settlement period of approximately six months before construction of the building and site work could begin.

ANALYSIS

Bids were opened on May 18, 2006 with the following results:

<u>Contractor</u>	<u>Bid Amount</u>	<u>Add Alternate No. 1</u>	<u>Add Alternate No. 2</u>	<u>Total Bid</u>	<u>Variance Amount</u>	<u>Over/ (Under) Percent</u>
Zovich and Sons Inc. Construction (Hayward)	\$4,490,000	\$25,000	\$5,000	\$4,520,000	\$1,053,660	30
John Plane Construction, Inc. (Brisbane)	\$4,164,000	\$13,690	\$7,500	\$4,185,190	\$718,850	21
Hagensen Pacific Construction, Inc. (San José)	\$3,880,000	\$28,000	\$12,000	\$3,920,000	\$453,660	13
D.L.Falk Construction, Inc. (Hayward)	\$3,689,000	\$13,800	\$1,000	\$3,703,800	\$237,460	7
Engineer's Estimate	\$3,450,000	\$13,940	\$2,400	\$3,466,340	-----	

The low bid submitted by D.L. Falk Construction, is 7 percent over the Engineer's Estimate. Staff considers the bid reasonable for the work involved.

Due to relatively favorable pricing, staff is also recommending award of Add Alternate No.1- Bed platform cabinet with drawers, 2 per bunk rooms, a total of 8 bed platforms; and Add Alternate No.2-Replacing two mop sinks with stainless steel models.

Council policy provides for a contingency of ten percent for new building construction. Staff however recommends a construction contingency of five percent to allow sufficient funds to be allocated toward the balance of the Safety Bond capital program.

Additional funding of \$1.15 million over the amount currently included in the 2005-2006 budget is needed to complete this fire station project. This substantial increase is the result of significant cost escalation that has been experienced over the last 18 to 24 months that has far exceeded our expectations. The 2006-2007 Proposed Budget reflects allocation of an additional \$880,000 from the Contingency Reserve to address cost escalation for this project. However, based on actual bids, the remaining funding gap for this project is \$266,490.

It is recommended that the Fire Training Center project be reduced by this amount to cover this additional cost. The reallocation of funding from the Fire Training Center project will allow this fire station project to remain on schedule and should not significantly impact the timing of the Fire Training Center Project, which is currently on hold. However, to ensure that as much funding as possible is retained for the Fire Training Center Project, budget actions will be recommended in 2006-2007 as part of the rebudget/clean-up MBA to allocate additional Fire Construction and

Conveyance Tax Funds to the Fire Bond Project Reserve, which will then be available to backfill Fire Training Center Project funding.

In addition to the Bond Project Reserve, there is \$6 million remaining in the Contingency Reserve after the funding adjustments recommended in the 2006-2007 Proposed Budget. The use of additional funding from the Contingency Reserve is not recommended at this time because there are several large Bond projects that have not been awarded, including the South Police Substation.

Consultant Services Agreement - First Amendment

The current agreement with BFGC Architects Planners Inc. for consultant services was negotiated in late 2004 for the design of a new 5,800 SF Fire Station with a construction budget of \$1,850,000. In June 2005, Council adopted a revised budget for the Fire Station No. 25 Project that increased the funds available and allowed for the implementation of the then recently completed master program guidelines for new San José fire station building projects. These master program guidelines, created to provide consistency in the manner in which gender privacy and accessibility issues are addressed, and to meet the identified public safety operational needs, called for all single company fire stations to be designed at 6,300 square feet (an increase of approximately 9 percent over the current agreement).

By letter dated April 26, 2006, staff, as authorized by Exhibit D of the Agreement, transferred \$48,800 in budget from Tasks #6 "Construction Administration" to Task #4 – "Construction Documents" of the agreement to address increased consultant costs for the increased project work. Staff took this step to allow progress of the project design within the approved schedule.

Therefore, staff recommends an increase of \$48,800 to the consultant's compensation for architectural construction support services. Staff further recommended that an additional \$20,000 be provided for additional services during construction. The proposed first amendment to the consultant agreement increases compensation by a total of \$68,800 with no change to the other terms of the agreement.

Project Delivery Agreement	\$ 309,000
First Amendment to Agreement	<u>\$ 68,800</u>
TOTAL	\$ 377,800

ALTERNATIVES

An alternative to the recommendation to increase the funding for this project above the amount included in the 2006-2007 Proposed Budget (\$267,000) would be to re-scope and re-bid the project. However, given the cost of the redesign and the delay of three to six months for the project, this alternative is not recommended.

An alternative to approving the recommendation to increase the consultant agreement in this memorandum is to direct staff to assign additional City staff to provide the required architectural and engineering support during the construction of Fire Station No. 25. This particular alternative is not practicable because it would require staff to interpret and provide support of documents not generated under their professional supervision. As the author and architect of record of the construction documents for the subject project, BFGC is best suited to provide these services during construction and in support of staff already engaged in construction administration and inspection activities.

PUBLIC OUTREACH

A design meeting was held with the community on November 30, 2005. To solicit contractors, this project was listed on the City's Internet Bid Line and advertised in the *San Jose Post Record*. Bid packages for all Department of Public Works construction projects are provided to various contractor organizations and builder's exchanges.

COORDINATION

This memorandum and agreements have been coordinated with the City Attorney's Office, the City Manager's Budget Office and the Planning, Building and Code Enforcement Department.

COST IMPLICATIONS

1.	AMOUNT OF RECOMMENDATION:	\$ 3,703,800
2.	COST OF PROJECT:	
	Project Delivery Phases 1&2	\$1,079,573
	Construction Phase 1(<i>complete</i>)	414,927
	Construction Phase 2	3,703,800
	Contingency Phase 2	185,190
	TOTAL PROJECT COSTS	\$5,383,490 *
	Prior Years Expenditures	602,718
	REMAINING PROJECT COSTS	\$4,780,772

3. SOURCE OF FUNDING: 475- Neighborhood Security Act Bond

* The total project costs are \$267, 000 more than the Proposed 2007- 2011 CIP Budget. These additional funds are recommended to be appropriated from the Fire Training Center project.

4. **FISCAL IMPACT:** This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy. There is an increase of \$45,760 operating cost for the year 2007-2008 to the General Fund (based on Fire Department estimate).

BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	RC #	Total Appn.	Amt. For Contract	2005-2006 Adopted Capital Budget (Page)	Last Budget Action (Date, Ord. No.)
Remaining Project Costs				\$4,780,772			
Current Funding Available							
475	4806	Fire Station 25 – Relocation (Alviso)	128985	\$3,500,000	\$2,557,310	V-353	10/18/05 Ordinance No.27580
475	4549	Fire Training Center		\$267,000*	\$ 266,490	V-359	NA
475	7633	Contingency Reserve		\$880,000**	\$880,000	V-395	8/23/05 Ordinance No.27526
Total Current Funding Available				\$4,647,000	\$3,703,800		
Funding in future years of CIP				\$134,000			
Total Funding for Project				\$4,781,000			

* \$267,000 of the \$2,465,000 in the Fire Training Center Project would be reallocated to this project.

** \$880,000 of the \$8,724,500 Contingency Reserve would be allocated to this project.

HONORABLE MAYOR AND CITY COUNCIL

06-01-06

Subject: Relocation of Fire Station No. 25 Project Supplemental Memo

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CEQA

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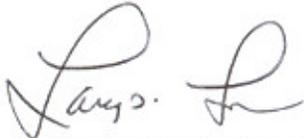
KATY ALLEN

Director, Public Works Department



JEFFREY L. CLET

Fire Chief



LARRY D. LISENBEE

Budget Director

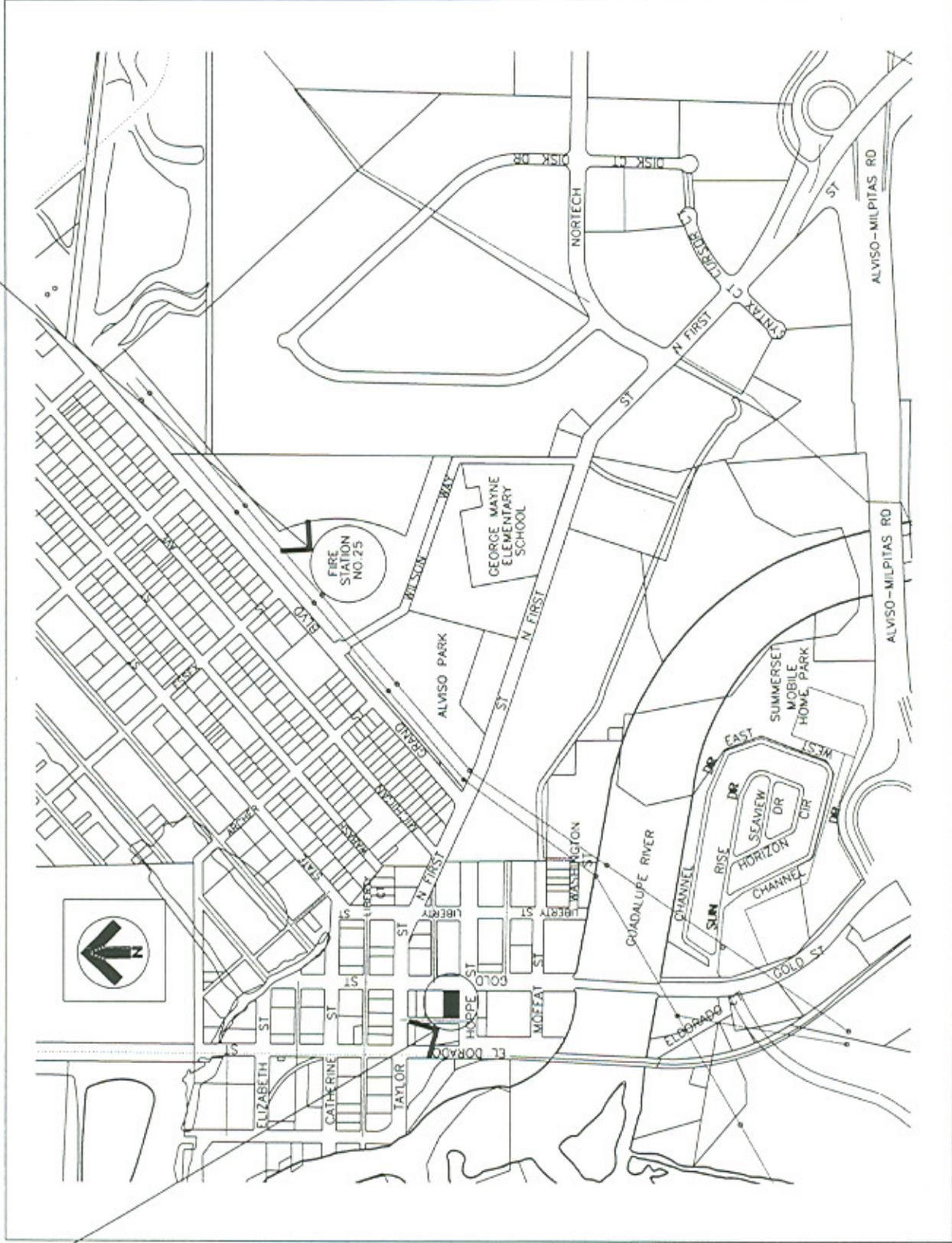
For questions please contact DAVID SYKES, ASSISTANT DIRECTOR, PUBLIC WORKS DEPARTMENT, at (408) 535-8300.

KJ: dp:ba

Award Memo Relocation of FS#25

EXISTING SITE

NEW SITE



FIRE STATION NO. 25
LOCATION MAP