



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen
Robert L. Davis

SUBJECT: POLICE SOUTHSIDE
SUBSTATION PROJECT

DATE: 10-13-06

Approved

Date

10/17/06

COUNCIL DISTRICT: Citywide

RECOMMENDATION

Approval of the master agreement with Gilbane Building Company for Peer Review and Implementation Support Services consultant for the Police Southside Substation Project, for a term from the date of execution to December 31, 2009, for a total agreement amount not to exceed \$1,000,000.

OUTCOME

1. This memorandum will provide Council with up to date information on the progress of this project.
2. Approval of the master agreement with Gilbane Building Company provides the City with peer review and implementation support consulting services to augment City staff, as needed, for delivery of the Police Southside Substation Project.

BACKGROUND

In March 2002 the voters in San José passed Measure O, the “9-1-1, Fire, Police, Paramedic and Neighborhood Security Act” (Neighborhood Security Act Bond Measure). This bond measure authorized the City to issue General Obligation Bonds in an amount not to exceed \$159 million to fund capital improvements in the Public Safety Capital Program. The largest project funded by the bond measure is the Police Southside Substation Project.

The most recent Council actions on this project were in June 2005. These actions included approval of the purchase of land for the project, approval of the consultant agreement for design services and adoption of the project’s environmental documents. Since that time, significant progress has taken place and staff would like to take this opportunity to present this information to Council.

Currently, the construction documents for the new Police Southside Substation Project are approximately 30% complete. In order to best ensure that this project meets its schedule and budget commitments, independent third-party checks are recommended to review and evaluate internal/consultant cost estimates and to conduct independent value engineering and constructability review sessions.

ANALYSIS

Project Status

- The design consultant, RossDrulisCusenbery Architecture, Inc. (RDC) has completed the Schematic Design and Design Development phases of the project and is currently 30% of the way through the construction document phase.
- The design process to date has incorporated the utilization of City staff by means of a Steering Committee made up of senior staff. This committee meets monthly to oversee and address major decisions of scope, schedule and budget.
- The City has also formed Focus Groups with members primarily from Police Department staff with other City departments such as General Services, Information Technology, Department of Transportation and the Department of Public Works. These departments provided technical input of specific areas or systems of the new facility. This method has proven very effective in keeping the design process moving smoothly forward, while considering the valuable information contributed by a large number of City staff.
- Two public artists have been selected for the project. Mikyoung Kim will be designing her art piece for the entrance plaza area in front of the building and Thomas Sayre will be creating a piece in the Public Lobby area of the interior of the building.
- The project has already won awards for design excellence from the American Institute of Architecture (AIA) in the "Unbuilt" category from two different chapters.
- City staff has applied to the State for a \$500,000 grant to assist in the funding for a Green Roof on the building. The Green Roof will not only provide multiple points in the pursuit of USGBC LEED Green building certification but will help address recently upgraded storm water requirements mandated by the State. Response to the application is expected by the first of November.
- The current project cost estimate is \$69 million, which is \$1.2 million above the project budget of \$67.8 million included in the 2006-2007 Adopted Capital Budget. As part of the design process, the consultant provides an estimate of probable cost at the end of each major task. In the time from the estimate completed at the end of Schematic Design, in February of 2006, until the estimate performed at the end of Design Development in August of 2006, the

estimate increased by \$1.2 million. This was due to several factors. The largest increase (\$800,000) was based on a soil investigation and geotechnical report conducted on the site during the Design Development phase. This report revealed a potential for liquefaction during a significant seismic event. In order to mitigate this potential the structural concrete piers and slab will need to be increased in size and thickness, respectively. The remaining \$400,000 was attributed to a sharp increase in the price of copper, a large portion of both plumbing and electrical materials.

Because the additional cost is associated with project construction and the project is scheduled to award in 2007-2008, the additional funding would not be needed until next fiscal year. To address the estimated cost increase for this project, Staff will bring forward a recommendation as part of the 2007-2008 Proposed Capital Budget to add project funding by reallocating funds from the \$1.4 million Reserve: For Police Bond Facilities Contingency that was created through savings from other projects. At that time, additional refinement to the project cost estimate will have been completed and a more accurate estimate can be incorporated into the 2007-2008 Proposed Capital Budget. It is important to note that cost containment and scope review will continue through the project design process.

Consultant Agreement

Staff conducted a consultant selection process in August 2006, in accordance with the Council-adopted, Qualifications Based Consultant Selection (QBCS) policy for services related to peer review and implementation support. The City received seven proposals from which seven firms were selected for interviews by a screening panel.

The five-member interview panel consisted of staff from the Departments of Public Works (DPW), Police (SJPd), and one panel member from outside the City. The seven consulting firms were interviewed and ranked by the panel as follows:

Ranked List determined by the Interview Board

1	Gilbane Building Company	San José, CA
2	Kitchell CEM	San José, CA
3	3 D/I	San José, CA
4	Vanir	San José, CA
5	Skanska	San José, CA
6	Turner Construction	San José, CA
7	KJM	San Francisco, CA

The selection criteria were based on the following:

- The ability to maintain user requirements while responding to unique project conditions;
- Example of tasks for all phases of a project, including, cost estimating, value engineering, and constructability review for current and completed projects;
- Project examples demonstrating expertise;

- The ability to meet project budget and support an aggressive project schedule; and
- Local and Small Business Enterprise eligibility.

Gilbane Building Company ranked the highest and a master agreement has been negotiated with them. SJPD and DPW staff evaluated project needs and established a maximum value of \$1,000,000 for all services. Staff believes this is a reasonable value limit based upon the known project needs and is included in the project delivery budget as adopted for this project.

The scope of work under the master agreement includes, but is not limited to, cost estimates, constructability reviews, scheduling, value engineering, claims analysis, construction management and construction administration. These services are necessary to provide supplemental staff support based on periodic workload fluctuations. In addition, the Department of Public Works staff has limited expertise in justice and police station facilities. Therefore, it is necessary to outsource some of the upcoming project tasks in order to balance the projected workload and meet required project schedules.

Project consultant services under this master agreement are authorized by individual service orders detailing the specific scope of services, schedule and compensation. Consultant services will be tailored to complement City staff's expertise thereby ensuring efficient and effective project implementation.

POLICY ALTERNATIVES

Alternative: Direct City staff to provide the required services

Pros: Increased work options for current staff.

Cons: Schedule impact while staff design/engineering team is assembled resulting in potentially greater costs due to construction escalation. Shifting existing City staff resources to this project at this time would delay this or other projects.

Reason for not recommending: Staff is fully utilized and there are no available City staff resources available. We also would not attain our goal of an independent, third party review if this work was contracted-in.

PUBLIC OUTREACH/INTEREST



Criteria 1: Requires Council action on the use of public funds equal to \$1 million or greater.



Criteria 2: Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City.

- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach.

This award memo is posted on the City's website for October 31, 2006 Council agenda. Community participation effort in the design process was implemented through community meetings; solicited by fliers at various public buildings and announcements posted in the *Mercury News*.

COORDINATION

This project and memorandum have been coordinated with the Departments of Planning, Building and Code Enforcement, Fire, General Services, the City Attorney's Office, the City Manager's Budget Office and the City's Contracting-In Committee.

FISCAL/POLICY ALIGNMENT

This project is consistent with Council – approved Budget Strategy Economic Recovery section in that it will help to stimulate the economy.

COST IMPLICATIONS

Individual Service Orders will be funded by the project appropriation through December 2009. The total agreement amount will not exceed \$1,000,000. The majority of the funding for this project is budgeted in 2007-2008 when the contract award is scheduled to occur.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	Total Appn	2006-07 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
475	4542	South San José Police Substation	\$1,258,000*	V-855	N/A*

* Additional funding of \$64,000 is recommended for rebudget as part of the 2005-2006 Annual Report.

HONORABLE MAYOR AND CITY COUNCIL

10-13-06

Subject: Master Agreement with Gilbane Building Company for Peer Review & Implementation Support Services for the Police Southside Substation Project

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CEQA

CEQA: Mitigated Negative Declaration, File No. PP04-304



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Chief of Police

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

KJ:dp:df
Attachment
Gilbane master agr