



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen

**SUBJECT: POLICE SOUTHSIDE
SUBSTATION PROJECT**

DATE: 10-29-07

Approved

Date

11/4/07

COUNCIL DISTRICT: Citywide

RECOMMENDATION

Report on bids and take appropriate action based on the evaluation of bids for the Police Southside Substation Project.

OUTCOME

Approval of this construction contract will allow the Police Southside Substation Project to be built. Approval of a five percent contingency will provide funding for unforeseen work necessary for the proper completion of the 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.

In March 2005, Council approved the consultant agreement for design services and adopted the project's environmental documents. In June 2005, Council approved the purchase of land for the project. In October 2006, Council approved an agreement with a consultant for peer review and implementation support services to augment City staff, as needed, for delivery of the project.

In March 2007, at the completion of the 50% Construction Documents, two independent estimates of construction costs were submitted. After reconciliation of the estimates, the project estimate exceeded the available budget by approximately \$11 million. A lengthy scope evaluation and value engineering process was undertaken by City staff and the consultants to implement cost reductions in many areas. City staff also identified additional sources of funding for the balance of the shortfall, including the reallocation of the South Community Policing

Center (\$1.7 million) and East Community Policing Center (\$1.7 million) projects toward reserves, approved as part of the 2007-2008 Adopted Capital Budget.

The base bid scope of work for the project will provide a new police facility in the south part of San José. The facility will be a three story, 107,000 sf building on a 10.5 acre site that also includes a 5,000 sf vehicle maintenance building, a vehicle fueling station and a car wash. Construction is scheduled to begin in January 2008 with completion in September 2009.

The Police Southside Substation has been designed and will be constructed to achieve LEED silver level of certification.

City policy requires a contractor pre-qualification process for construction projects estimated to be greater than \$10 million. Beginning in July 2007, Staff conducted a pre-qualification process which was advertised in several publications and on the City's Internet Bid Line and in the San Jose Post Record. All six of the contractors that submitted pre-qualification documents were pre-qualified and notified by staff in August 2007. The following contractors were pre-qualified to bid on the substation project.

Clark Construction Group-California, LP
Oakland, CA

McCarthy Building Companies Inc.
San Francisco, CA

Nibbi Brothers Associates, Inc.
San Francisco, CA

Roebbelen Contracting, Inc.
El Dorado Hills CA

S.J. Amoroso Construction Co., Inc.
Redwood Shores, CA

Taisei Construction Corporation
San Jose, CA

Beginning on September 24th, 2007 the invitation to bidders was advertised through the City's Internet Bid Line and in the same publications that the pre-qualification process was advertised in order to inform the subcontractor community. As of this report, three of the six pre-qualified general contractors have indicated that they will not be submitting bids due to competing work demands.

ANALYSIS

With the inclusion of the reserves from the East and South Community Policing Center (CPC) projects, the construction budget for this project is \$53.55 million. This includes \$550,000 for non-contract construction expenses such as utilities and other third party costs. The engineer's estimate for the project is \$52.0 million which allows for a \$1.0 million bid cushion (or 2%)

As part of the cost control measures to reduce the base bid estimate, staff has identified \$788,000 in add alternates as shown in the table below.

<u>Description</u>	<u>Engineer's Estimate</u>
Add Alternate 1: Provide work to complete parking lot paving	\$ 91,000
Add Alternate 2: Raised planters and trees	\$ 67,000
Add Alternate 3: Increase slab thickness in basement	\$630,000

These three non-critical add alternate items will not be recommended for award with the base bid should the bids exceed the available funds. In summary, as a result of all the value engineering and cost control measures taken by staff the project has sufficient funds budgeted and identified to cover the estimated construction costs.

Council Policy provides for a standard contingency of ten percent on public works projects involving the construction of a new building. Staff, however, recommends a construction contingency of five percent to allow sufficient funds to be allocated toward the balance of the Safety Bond Program. Staff will monitor the contingency usage closely, and, if additional contingency funding appears to be necessary to complete the project because of the need to perform unforeseen work, staff will recommend a budget and contingency increase using the Safety Bond's Contingency Reserve and Ending Fund Balance appropriations.

EVALUATION AND FOLLOW-UP

A supplemental memo will be provided after bids are opened November 8, 2007.

POLICY ALTERNATIVES

Not applicable.

PUBLIC OUTREACH / INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 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. **(Required: E-mail and Website Posting)**
- Criterion 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. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets Criteria 1: Requires Council action on the use of public funds equal to \$1 million or greater. To solicit contractors this project was listed on the City's Internet Bid Line and advertised in the *San Jose Post Record* as well as numerous trade publications.

This memorandum will be posted on the City's Internet website for the November 20, 2007 Council agenda.

COORDINATION

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

FISCAL/POLICY ALIGNMENT

This project is consistent with the Council-approved Budget Strategy to continue with capital investments that spur construction spending in our local economy.

COST/SUMMARY IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:	\$52,000,000
Engineer's Estimate	
Construction	\$53,550,000
Land Acquisition	8,000,000
Project Delivery	10,910,000
Construction Contingency	<u>2,710,000</u>
TOTAL PROJECT COSTS	\$75,170,000
Prior Year Expenditures	<u>\$ 14,935,024</u> *
REMAINING PROJECT COSTS	\$ 60,234,976

* A total of \$14,935,024 was expended in prior fiscal years for land acquisition and project deliver costs including design consultant, geotechnical consultant, and project management.

2. COST ELEMENTS OF CONTRACT

3. SOURCE OF FUNDING: 475 – Public Safety Bond

4. OPERATING COSTS: The proposed operating and maintenance costs of this project have been reviewed and will be approximately \$810,000 annually, beginning in 2009-2010. These costs were included as part of the 2008-2012 Five-Year General Fund Forecast and Revenue Projections. The appropriate budget addition requests will be submitted through standard City processes.

BUDGET REFERENCE

The table below identifies the fund and appropriations proposed to fund the contract(s) recommended as part of this memo and remaining project costs, including project delivery, construction, and contingency costs.

Fund #	Appn #	Appn. Name	RC #	Total Appn	Amt. for Contract	2007-08 Adopted Budget (Page)	Last Budget Action (Date, Ord. No.)
Remaining Project Costs				\$ 60,234,976			
Funding Available							
475	4542	South San José Police Substation	122785	55,051,000	52,000,000	V-876	10/16/2007 Ord. No. 28143
Funding in Future Years of CIP				1,768,000			
Total Funding Available				\$56,819,000			
Recommended Budget Actions							
475	8156	Reserve: East San José Community Policing Center		1,677,000*		V-908	
475	8157	Reserve: South San José Community Policing Center		1,739,000**		V-909	
Total Project Funding				\$60,235,000			

* \$1,677,000 in the East San José Community Policing Center Reserve would be allocated to this project at time of award, if necessary.

** \$1,739,000 in the South San Jose Community Policing Center Reserve would be allocated to this project at time of award, if necessary.

CEQA

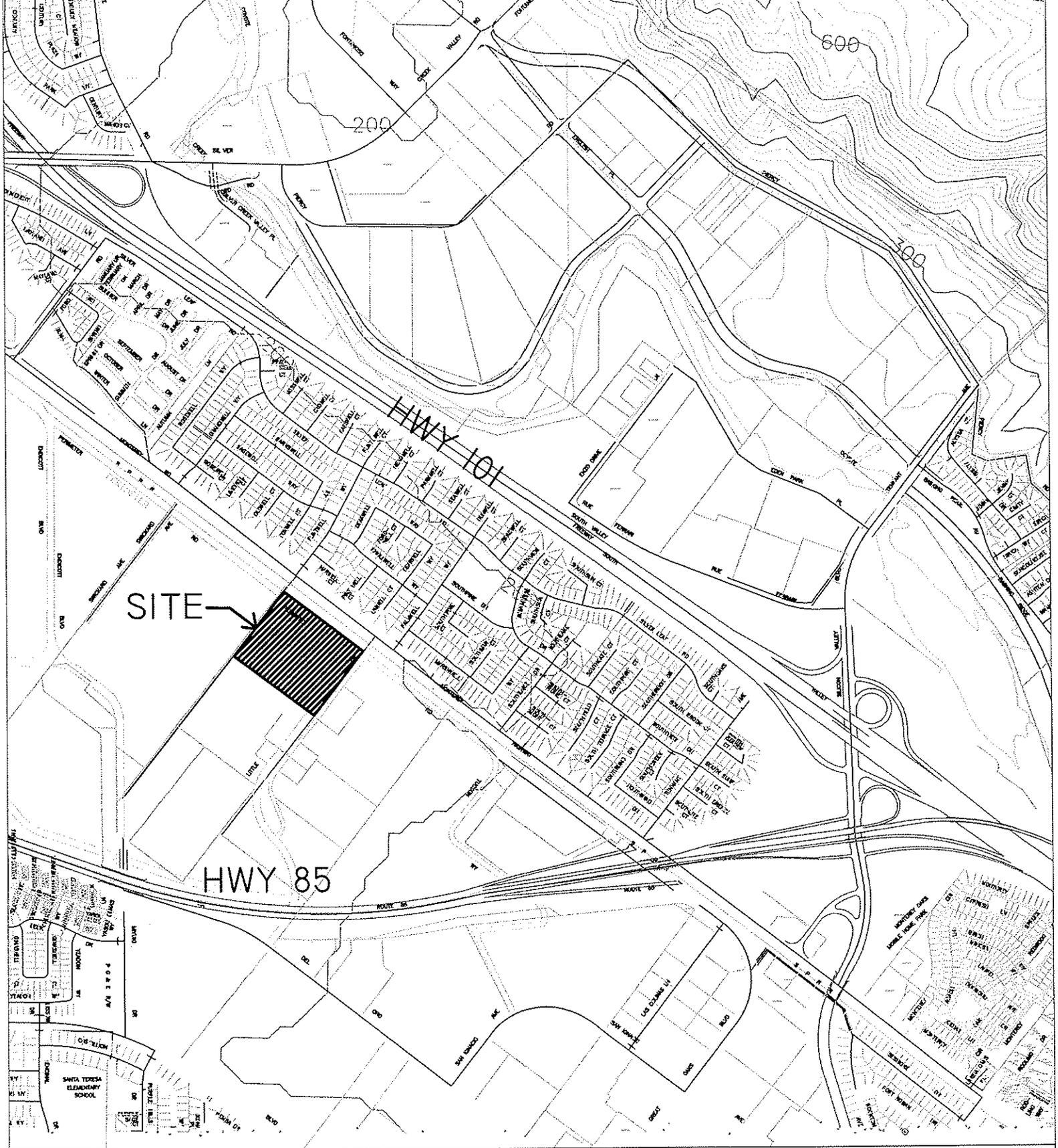
Mitigated Negative Declaration, File No. PP04-304: Planning has issued a mitigated negative declaration for this project. The mitigated negative declaration identifies a number of mitigations that need to be implemented in order to address environmental impacts. These mitigation measures and their manner of implementation are identified in the Mitigation Monitoring and Reporting Program for the project. These mitigations have been incorporated into the project design and the construction documents. On March 22, 2005, Council approved these mitigations and their manner of implementation, as set forth in the Mitigation Monitoring and Reporting Program, and directed the implementation of these mitigations as part of the project.

Katy Allen

KATY ALLEN

Director, Public Works Department

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



POLICE SUBSTATION
LOCATION MAP