



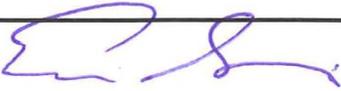
Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen
John Stufflebean

SUBJECT: SEE BELOW

DATE: 11-24-08

Approved  Date *11/30/08*

COUNCIL DISTRICT: Citywide

SUBJECT: REPORT ON BIDS AND AWARD OF A CONTRACT FOR THE ENVIRONMENTAL SERVICES BUILDING (ESB) REPAIR PROJECT AND SECOND AMENDMENT TO THE AGREEMENT WITH ALLANA BUICK & BERS, INC. FOR PROFESSIONAL SERVICES FOR THE ESB REPAIR PROJECT

RECOMMENDATION

- a. Report on bids and award of contract for the construction of the Environmental Services Building Repair Project to the lowest responsible bidder, Zolman Construction & Development, Inc., in the amount of \$3,600,000, and approval of a contingency in the amount of \$540,000.
- b. Adoption of a resolution authorizing the City Manager to negotiate and execute the second amendment to the agreement with Allana Buick & Bers, Inc. for professional services related to the repair and modifications of the San José/Santa Clara Water Pollution Control Plant's Environmental Services Building, modifying the scope of services and increasing the compensation by an amount not to exceed \$200,000 for a total maximum amount not to exceed \$787,495; and extending the term of the agreement by five months to December 31, 2010.

OUTCOME

Approval of the construction contract to Zolman Construction & Development, Inc. will allow the Environmental Services Building Repair Project to move forward into the construction phase. Approval of the contingency will provide funding for any unanticipated work necessary for the completion of the project.

Approval of the proposed second amendment to the agreement with Allana Buick & Bers, Inc. (ABB) will allow for the augmentation of construction support services necessary to complete

the project, including professional services associated with obtaining Green Building (LEED) Silver certification.

BACKGROUND

The Environmental Services Building (ESB) is a 38,000 square-foot, two-story office building with an attached single story laboratory located at 4245 Zanker Road within the San José/Santa Clara Water Pollution Control Plant (Plant). The ESB's original construction was completed and the building occupied in 1994. In 2001, water intrusion and the possibility of mold growth resulted in the office portion of the building being vacated. Several attempts were made to clean and seal the building interior and the City pursued legal claims against the original contractor and architect. Those legal actions were settled in 2007.

ABB, an architectural and engineering firm, was retained by the City in early 2007 to investigate sources of water infiltration through the building envelope and identify the extent of microbial activity within the existing building. Environmental Services (ESD) had provided management of the programming and investigative phases of the project through October of 2007 at which time Public Works took over the project management to complete the design and construction.

On December 18, 2007, Council approved an amendment to ABB's agreement which added to the scope of services to provide a clean and watertight restored building with a LEED Silver certification. Construction documents were completed and issued for bid on September 10, 2008.

ANALYSIS

Bids were opened on October 7, 2008 with the following results:

<u>Contractors</u>	<u>Total Bid</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
Applegate Johnson, Inc. (Modesto)	\$5,016,000	\$1,054,000	27
Southwest Construction, Inc. (San Francisco)	4,984,600	1,022,600	26
ESR Construction (San José)	4,972,000	1,010,000	26
California Plus Engineering (San José)	4,700,000	738,000	19

Kent Construction (Gilroy)	4,236,329	274,329	7
BoBo Construction, Inc. (Elk Grove)	4,230,000	268,000	7
Robert L. Brown Construction (Martinez)	4,160,000	198,000	5
Gonsalves & Stronck Construction (San Carlos)	4,123,777	161,777	4
Swenson & Associates (Campbell)	4,096,000	134,000	3
John Plane Construction, Inc. (Brisbane)	4,069,000	107,000	3
BCCI Construction (San Francisco)	3,998,097	36,097	0.9
W.E. Lions Construction Co. (Oakland)	3,980,000	18,000	0.5
Engineer's Estimate	3,962,000	--	--
Beals Martin Inc. (Redwood City)	3,949,439	(12,561)	(0.3)
Zolman Construction & Development Inc. (San Carlos)	3,600,000	(362,000)	(9)
D.L. Falk Construction, Inc. (Hayward)	\$2,699,000	(1,263,000)	(32)

Fifteen bids were received for the project of which three were below the Engineer's Estimate. The low bid was submitted by D.L. Falk Construction, Inc. and is 32% below the Engineer's Estimate.

Within the prescribed five working day period following receipt of bids, D.L. Falk notified the City in writing that it had made a clerical error in its bid. D.L. Falk explained that its bid included \$70,000 for certain HVAC controls and that the number should have been \$700,000. This error resulted in a material difference in the bid. Accordingly, staff recommends that D.L. Falk be released from its bid.

The second low bid was submitted by Zolman Construction and Development Inc. and is 9% below the Engineer's Estimate. Consequently, staff recommends award of the contract to the second low bidder, Zolman Construction and Development Inc.

Council policy provides for a standard contingency of 15 percent on public works renovation projects. The standard contingency is appropriate for this project.

Additional professional services are required for extensive heating/ventilation/air conditioning (HVAC) construction phase coordination, additional LEED coordination, to provide phasing plans that accommodate on-going lab operations in the Environmental Services Building during construction, and to accommodate an expanded work scope for LEED certification resulting in a longer project schedule than previously planned. An amendment to ABB's agreement to provide these services is required and staff recommends authorization to the City Manager to negotiate and execute an amendment to incorporate these services into the agreement, increase compensation by an amount not to exceed \$200,000 to pay for these services, and to extend the term of the agreement by five months to December 31, 2010.

EVALUATION AND FOLLOW-UP

Approval of these recommendations will enable the project to move forward into the construction phase. Construction of the project is anticipated to begin in January 2009 and to be completed in October 2009. No further Council follow-up is anticipated.

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 project meets Criteria 1, and this memorandum will be posted on the City's website for the December 16, 2008 Council agenda.

To solicit contractors this project was listed on the City's Internet Bid Line and advertised in the *San José Post Record*. Bid notifications for all Department of Public Works construction projects are provided to a list of various contractor organizations and builder's exchanges.

COORDINATION

This project and memorandum have been coordinated with the Finance Department, the City Manager's Budget Office, and the City Attorney's Office. This item is scheduled to be heard at the November 13, 2008, Treatment Plant Advisory Committee (TPAC) meeting.

FISCAL/POLICY ALIGNMENT

This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:	\$ 3,800,000
Construction	\$3,600,000
Project Delivery*	1,044,000
Contingency (15%)	540,000
TOTAL PROJECT COSTS	\$5,184,000
Prior Year Expenditures	414,179
REMAINING PROJECT COSTS	\$4,769,821

* Project Delivery includes the \$200,000 amendment to the agreement with Allana Buick & Bers, Inc.

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

This is a lump-sum contract.

3. SOURCE OF FUNDING: 512 – San José / Santa Clara Treatment Plant Capital Fund

4. OPERATING COSTS: The proposed operating and maintenance costs of this project have been reviewed and will have no significant adverse impact on the General Fund operating budget. In fact, operating and maintenance costs borne by the San José / Santa Clara Treatment Plant Operating Fund should decrease as a result of this project. Estimated energy calculations indicate a 36% overall energy cost savings, including electrical and gas consumption as a result of the renovation work. Based on a total existing building energy cost of \$425,000 a year and an electric rate of \$0.22 per KWH and a natural gas rate of \$0.79 per therm, the proposed renovation would save \$153,000 a year. Also, trailers currently leased at an annual rate of \$62,000 will no longer be required to accommodate City staff that will be moving into the renovated building.

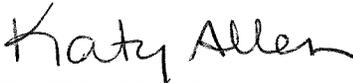
BUDGET REFERENCE

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

Fund #	Appn #	Appn. Name	RC #	Total Appn.	Amt. for Contract	2008-2009 Adopted Capital Budget (Page)	Last Budget Action (Date, Ord. No.)
Remaining Project Costs				\$4,769,821			
Current Funding Available							
512	6507	Environmental Services Bldg. Repair	153545	\$6,000,000	\$3,800,000	V-153	6/24/08, Ord. No. 28349
Total Current Funding Available				\$6,000,000			
Total Funding for Remaining Project Costs				\$4,769,821			

CEQA

CEQA: Exempt, PP08-157.


 KATY ALLEN
 Director, Public Works Department


 JOHN STUFFLEBEAN
 Director, Environmental Services

For questions please contact David Sykes, Assistant Director, at 408-535-8300.