



SUPPLEMENTAL

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen

SUBJECT: SOUTH SAN JOSE POLICE
SUBSTATION CONSTRUCTION
PROGRESS UPDATE

DATE: 01-27-09

Approved 

Date 2/3/09

COUNCIL DISTRICT: Citywide

REASON FOR SUPPLEMENTAL MEMORANDUM

To provide additional information on the status of the South San José Police Substation.

BACKGROUND

On December 18, 2007, the City Council awarded a construction contract to S.J. Amoroso Construction Co, Inc. (SJA) for the South San José Police Substation Project in the amount of \$59,997,000. SJA began construction on March 3, 2008. After approximately 10 months of construction activity, the Project is reaching the 55 percent completion point.

RossDrulisCusenbery ("RDC") is the design consultant for the Project. Early into construction, Public Works staff was advised by RDC – and separately by SJA – that the design documents would require multiple revisions to address apparent omissions and conflicts. Based on this information, on November 4, 2008, the City Council adopted a resolution authorizing the Director of Public Works to negotiate and execute individual contract change orders in excess of \$100,000 up to a combined amount not to exceed \$1,500,000 to address additional construction work resulting from the revisions.

Since November 4, 2008, the Project has continued to face a number of challenges that are now impacting the progress of the project and subjecting the City to greater costs. The purpose of this memorandum is to update you on the Project's status.

ANALYSIS

The award of a construction contract typically includes the approval of a construction contingency to address the myriad of unexpected events and issues that may arise during any given project. Based upon past experience with projects involving new construction, the City adopted a standard policy that allows for establishing a contingency of up to 10 percent of the

value of the construction contract as a contingency. However, due primarily to budget constraints, the contingency for this Project is only 4.5 percent of the value of the construction contract – or \$2,710,000.

As noted in the November 4, 2008 staff report, the cumulative impacts of the pending change orders are projected to exceed the available contingency for the Project. A review of the cost implications is still underway, but at this time it is estimated that between \$4.5 and \$6.5 million in additional funding will be needed to cover the cost of construction changes as well as the added resources for construction administration. Although everything is being done to keep the project on track, the completion will most likely be delayed by three to four months.

Given that the Project is only 55 percent completed, Public Works staff is continuing to analyze the various reasons for the increased Project costs. However, to date, Public Works staff believes that at least one of the significant reasons for the cost increase and Project delays is apparent deficiencies in the design documents provided by RDC. The large number of changes that have been necessary during construction to clarify, correct and/or complete the design suggests that there are deficiencies in the design documents. To date, staff has received over 1,000 Requests for Information (RFIs) from SJA, many of which request direction on significant conflicts and incomplete information in the design documents. There are also over 275 published and pending Architect's Supplemental Instructions (ASIs) in the Project record addressing various oversights and conflicts in the design documents. To date, the more complex and costly corrections were ASIs issued to address mechanical, electrical and plumbing (MEP) conflicts, exterior building skin coordination and waterproofing, and the entire rooftop drainage and equipment support designs.

In addition to apparent issues with the design documents, RDC has been untimely in responding to the large volume of RFIs and in providing ASIs, and to SJA's submittals. RDC's response time generally is not in compliance with its contractual obligations. RDC's performance and responsiveness during the construction phase is of great concern to the City because it appears to be increasingly impacting the progress of construction and contributing to greater costs to construct the Project.

The cumulative impact of RDC's performance on this Project appears to be a significant factor affecting the budget for and progress of construction. The primary focus at this time is to ensure that design issues are dealt with in a responsive manner so that future impacts to the Project are minimized. RDC has been requested, and they have agreed, to take any and every action necessary to remedy any design deficiencies without further delay to the construction progress. Additional City staff resources have also been brought onto the project. Although addressing these issues has been time consuming, the integrity and quality of the Project has not and will not be compromised.

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Staff is preparing a report and recommendations to Council that will provide more detail on the issues as well as a recommended funding plan. It is currently targeted for submission for Council consideration in late February or early March 2009.



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Director, Public Works Department

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

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