



COUNCIL AGENDA: 03-03-09

ITEM: 2.7

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen

SUBJECT: SEE BELOW

DATE: 02-09-09

Approved

Date

2/13/09

COUNCIL DISTRICT: 3

**SUBJECT: APPROVAL OF INCREASE OF PROJECT CONTINGENCY AMOUNT
FOR SAN JOSE CONVENTION CENTER GARAGE PROJECT**

RECOMMENDATION

Approval of an increase in the construction contingency funding for the San José Convention Center Garage Project in the amount of \$31,544, increasing the total contingency from \$16,704 to \$48,248.

OUTCOME

Council approval of the recommended increase in the project contingency fund will provide the resources to support the payment of the final change order and closure of the San José Convention Center Garage Project.

BACKGROUND

The Director of the Public Works Department awarded the San José Convention Center Garage contract on March 17, 2008 to George Bianchi Construction, Inc. in the amount of \$111,360 plus a 15 percent contingency in the amount of \$16,704. The Engineer's Estimate for this project was \$200,000. This project to repair damaged concrete at the garage was started in April 2008 and completed in August 2008.

ANALYSIS

Construction of the project was started on April 25, 2008 and the contract allowed the contractor 112 calendar days for construction.

During the course of the work it was necessary to increase the concrete repair work due to unforeseen conditions within the concrete floor repair area. The additional work was authorized by the Director of Public Works by way of Contract Change Order No. 1 at a cost of \$16,533. This single Change Order effectively exhausted the authorized contingency for the project.

During the construction, Team San José, operating manager of the Convention Center, informed staff that exhibitors and attendees objected to the construction noise and vibration as it adversely impacted business and events. After consultations with Team San José and Department of Transportation staff, operators of the garage, the contractor was provided a list of work-days inclusive of weekends and evenings when the noisy part of the construction work may be performed. In order to meet the needs of the City, the contractor adjusted the work schedule, anticipating approval of a change order to compensate for the increased cost of working off hours. Construction continued without incident or further impact to Convention Center operations and events. While the work was completed within the contract period, the contractor seeks compensation for the additional cost for the adjusted work schedule.

Additional costs for the adjusted work schedule were reviewed by staff and negotiated to a total amount of \$31,715. The payment of this amount requires an increase of contingency funding in the amount of \$31,544.

Council Policy provides for a contingency budget of 15 percent on public works projects involving retrofit construction work. Staff requests Council approval to increase the project contingency by the amount of \$31,544 for a total contingency of \$48,248. This contingency increase by approximately 28 percent of the construction contract would provide sufficient funding to pay for the project's final change order and facilitate closure of the project.

EVALUATION AND FOLLOW-UP

No additional follow-up action with Council is anticipated at this time.

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 does not meet any of the above criteria, however this memorandum will be posted on the City's website for the March 3, 2009, Council agenda.

COORDINATION

This project and memorandum have been coordinated with the Departments of Planning, Building and Code Enforcement, Transportation, 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: \$31,544	
Project Delivery	\$70,070
Construction	111,360
Contract Change Order No. 1*	16,533
Proposed Contract Change Order No. 2	<u>31,715</u>
TOTAL PROJECT COSTS	\$229,678
Prior Year Expenditures	179,569
REMAINING PROJECT COSTS	\$50,109

* To date, the original contingency of \$16,704 has been sufficient to cover the cost of Contract Change Order No. 1.

2. COST ELEMENT OF CONSTRUCTION CONTRACT:
 The construction contract is a lump sum contract.
3. SOURCE OF FUNDING: 533 – General Purpose Parking Fund
4. OPERATING COST: The operating and maintenance costs of this project have been reviewed and estimated to be the same as previous years, at approximately \$10,000 annually which is included as part of the 2008-2009 Adopted Budget.

BUDGET REFERENCE

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

HONORABLE MAYOR AND CITY COUNCIL

02-09-09

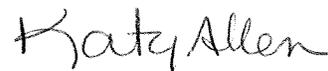
Subject: San Jose Convention Center Garage Project – Increase in Contingency Amount

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Fund #	Appn #	Appn Name	RC #	Total Appn.	Amt. For Contract	2008-09 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
Remaining Project Costs				\$50,109			
533	4111	Facility Improvements and Maintenance	150725	\$57,000	\$31,544	V-1022	6/24/08, Ord. No. 28349
Total Project Funding including additional Project Costs:				\$57,000	\$31,544		

CEQA

CEQA: Exempt, PP05-187.



KATY ALLEN
Director, Public Works Department

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

KJ:fs:rv
Attachments

