



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen

SUBJECT: SEE BELOW

DATE: 02-17-09

Approved

Date 2/24/09

COUNCIL DISTRICT: Citywide

**SUBJECT: ANIMAL CARE CENTER TENANT IMPROVEMENTS II PROJECT
INCREASED CONTINGENCY AND CONTRACT TIME EXTENSION**

RECOMMENDATION

Approval to increase the construction contingency for the San Jose Animal Care Center Tenant Improvements II Project in the amount of \$5,854, from \$3,474 to \$9,328.

OUTCOME

Approval to increase the contingency will provide the resources necessary to pay the contractor for necessary additional work.

BACKGROUND

Construction of a new Animal Care Center was completed in October 2004. A number of tenant improvements were left unfinished during the construction of the Center due to budget constraints. The Tenant Improvements II Project completes work in the two remaining unfinished rooms and includes placement of concrete floor slabs and installation of sheetrock over bare stud walls. The project provides much needed storage space for the Center.

On July 30, 2008, the Director of the Public Works Department awarded the Animal Care Center Tenant Improvements II Project to Tucker Construction, Inc., in the amount of \$34,740 plus a contingency amount of \$3,474. The 10 percent contingency was set based on the capital improvement contingency policy approved by the City Council. The Engineer's Estimate for this project was \$49,500. The low bid was attributed to the current economic climate. A Notice-to-Proceed was issued effective September 22, 2008, with 30-calendar days authorized for completion of the work.

During the course of the Tenant Improvements II Project, groundwater was discovered under the base of a concrete floor slab in one of the rooms. Staff recommended installation of a sub-grade drainage system to prevent moisture problems from developing in the room. The project contingency was not adequate to pay for the additional drainage work.

The contractor initially ceased work to await Council approval of the change order. However, in order to reduce the impacts to the project, including the inherent risks associated with maintaining an open construction site in a fully functioning facility, and to minimize inconvenience to the Center, the contractor returned to the project and installed the proposed drainage system at his own risk. The originally scoped improvements were completed shortly afterward and the project is currently at the substantial completion stage.

ANALYSIS

The costs for the additional work associated with the drainage improvements are in an amount of \$9,328. The original project contingency is \$3,474, thus, an additional \$5,854 is required to pay for the proposed improvements. No additional funds are required to be appropriated for this action.

Pursuant to Section 14.04.415 of the San José Municipal Code, the Director of Public Works can issue change orders in the aggregate amount of \$10,000 for all construction contracts in an amount not exceeding \$100,000. However, the capital improvement contingency policy approved by the City Council states that the contingency for building projects is 10 percent unless the City Council sets a different amount. Accordingly, City Council approval is needed to increase the contingency.

Staff requests the City Council to increase the contingency in the amount of \$5,854. Increasing the contingency will enable the Director to issue the necessary change order to cover cost of the additional sub-grade drainage work. That change order will also extend the construction schedule so that the project can be completed within the allotted contract time.

EVALUATION AND FOLLOW-UP

No additional follow-up actions with council are 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, but this memorandum will be posted on the City's website for the March 10, 2009, Council agenda.

COORDINATION

This project and Change Order have been coordinated with General Services Department, City Manager's Budget Office, and City Attorney's 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: \$5,854

Project Delivery	\$22,000
Construction	34,740
Contract Change Order No. 1	9,328
Contingency Balance	0
TOTAL PROJECT COSTS	\$66,068
Prior Year Expenditures	8,970
REMAINING PROJECT COSTS	\$57,098
2. COST ELEMENT OF CONSTRUCTION CONTRACT:
The construction contract is a lump sum contract.
3. SOURCE OF FUNDING: 001 – General Fund
4. OPERATING COST: The improvements will have no impact on the operating and maintenance cost of the General Fund operating budget.

BUDGET REFERENCE

The table below identifies the funds and appropriations 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

02-17-09

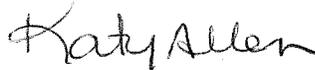
Subject: San Jose Animal Care Center Tenant Improvements II Project – Increase in Contingency Amount

Page 4

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				\$57,098			
Current Funding Available							
001	3066	Animal Care and Service Program (SB 90)	009716	\$352,477	\$9,328	N/A	10/21/08 28422
Total Funding for Remaining Project Costs:				\$352,477			

CEQA

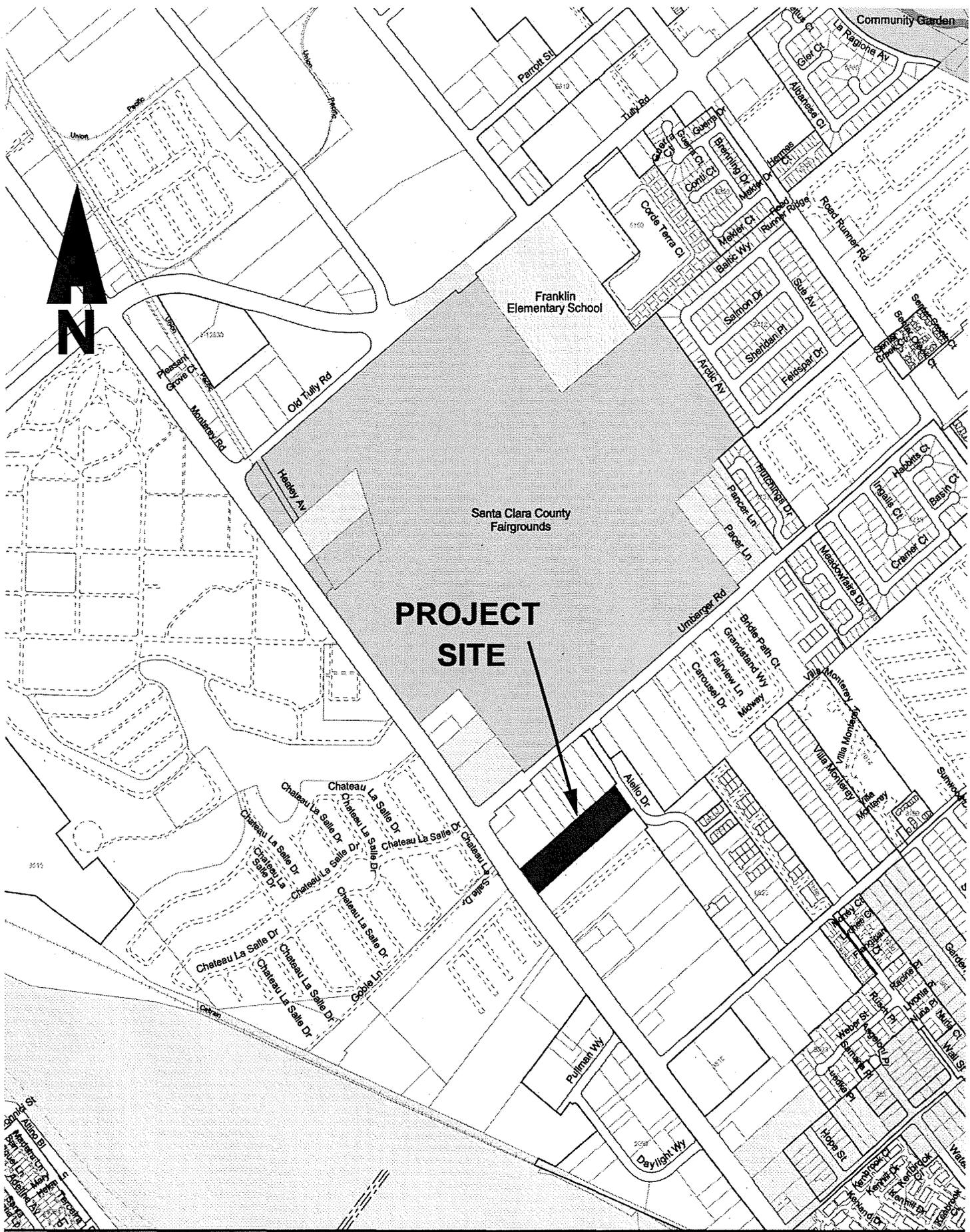
CEQA: Mitigated Negative Declaration, PP00-057.



KATY ALLEN
Director, Public Works Department

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

KJ:fs:jw
Attachment
N:\Memos\Animal Care Center\TI2\ACC TI2_Contingency_CCO1_1.doc



ANIMAL CARE CENTER
Location Map
Not to Scale