



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Katy Allen

**SUBJECT:** SEE BELOW

**DATE:** 06-01-09

Approved

*[Handwritten signature]*

Date

*6/8/09*

**COUNCIL DISTRICT:** Citywide

**SUBJECT: ENVIRONMENTAL SERVICES BUILDING REPAIR PROJECT –  
CONTRACT CHANGE ORDER NO. 6**

## RECOMMENDATION

- a. Adoption of a resolution authorizing the Director of Public Works to negotiate and execute Contract Change Order No. 6 with Zolman Construction and Development, Inc. for the Environmental Services Building Repair Project in an amount not to exceed \$325,000 to replace the existing damaged vinyl floor in the laboratory area of the building with ceramic floor tile and to install new, upgraded data/voice cabling and a security system.
- b. Increase the project funding by \$325,000, and contingency authorization from 15% to 24% for a total project contingency of \$865,000.
- c. Increase the project delivery funding by \$50,000 for a total project delivery cost of \$1,094,000.

## OUTCOME

Approval of Contract Change Order No. 6 (CCO #6) will allow Zolman Construction and Development, Inc. to proceed with replacing the existing damaged vinyl floor in the laboratory area of the building with ceramic floor tile and installing new, upgraded data/voice cabling and a security system. Increasing the contingency amount will enable staff to efficiently manage any extra work needs that might arise through the remaining construction duration of the project.

## 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.

Allana Buick and Bers, Inc, (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.

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.

On December 16, 2008, Council awarded the construction contract to Zolman Construction and Development, Inc. in the amount of \$3.6 million to mitigate mold, restore and clean the building, and to obtain a LEED Silver certification.

The proposed change order would add to the project the replacement of the existing damaged vinyl floor in the laboratory area of the building with ceramic floor tile and the installation of new, upgraded data/voice cabling and a security system. This work was not in the base scope because of too many unknowns at the time related to the design and cost of these elements as well as the construction phasing of the project.

## **ANALYSIS**

### **1. Contract Change Order No. 6**

By far the largest part of proposed Change Order No. 6 is replacing the damaged vinyl floor in the laboratory with ceramic tile. The engineer's estimate for this work is \$216,000. The existing laboratory flooring is very old and badly needs to be replaced. It is a vinyl tile floor with joint gaps and several loose and cracked tiles, all of which compromises cleanliness and risks sensitive lab operations. Although a replacement in kind was contemplated during the design phase, further analyses after contract award determined that a hard, chemical-resistant flooring such as ceramic tile was best. Ceramic flooring tile provides a durable and maintenance-friendly flooring system that is most appropriate for the laboratory operations.

The installation of the new, upgraded data/voice cabling – which has an engineer's estimate of \$64,000 - will allow for the connectivity of the communications and network systems in the building and provide consistency with the City's IT standard. The new security system – which has an engineer's estimate of \$30,000 - will limit access to the building to authorized City staff only and provide security monitoring.

Generally, public works staff would not be trying to add via a change order work that is so different from the work required by the underlying construction contract. However, this case presents a unique situation. Various laboratory activities are performed during the day and night throughout the week. The mitigation, restoration, cleanup and LEED certification work required by the construction contract necessitate shutting down the laboratory and performing HVAC system work in the ceiling of the building. To minimize disruption to laboratory operations, only

portions of the laboratory will be closed at any one time. The construction work has been phased so that it will occur only in the closed portion of the laboratory.

The most efficient way to proceed with installing the new ceramic flooring is to do so when the laboratory is closed to perform the other work required by the construction contract. Not replacing the floor now would require closing the laboratory again at some time in the future at considerable cost and disruption to laboratory operations. Moreover, to the extent the installation of the data/voice cabling and the security system involve the laboratory, this work is also most efficiently performed when the laboratory is closed for the other work. Additionally, much of the data/voice cabling and security system installation involves work in the ceiling, which can be done concurrently with the HVAC system work occurring in the ceiling in order to maximize efficiencies. For all of these reasons, staff is recommending proceeding with the proposed change order.

Current Engineer's Estimate for these proposed changes is as follows:

New ceramic tile flooring	\$ 216,000
New Data and Voice Cabling	\$ 64,000
Building Security System	\$ 30,000
<u>Estimated Additional Contingency for this CCO</u>	<u>\$ 15,000</u>
Total	\$ 325,000

## 2. Contingency

The additional of 9% contingency funding and authorization will supplement the cost of CCO #6 as well as leaving a balance to resolve any future unforeseen conditions of the project. The difference between the actual negotiated amount of this change order and \$325,000 will remain in the contingency to be used for other unforeseen work needed to complete the work.

## 3. Project Delivery

The additional of \$50,000 for the project delivery will allow staff to manage the additional work for the CCO #6. Importantly, performing this work through the proposed change order will save approximately \$25,000 to \$35,000 in bidding the work as a separate project.

Staff has reviewed the cost proposal from the contractor in terms of the current economy and found it to be fair and reasonable.

## **EVALUATION AND FOLLOW-UP**

No follow-up items are anticipated with Council at this time.

**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 does not meet any of the above Criteria, but this memorandum will be posted on the City's website for the June 23, 2009 Council agenda.

**COORDINATION**

This project and memorandum have been coordinated with the Departments of Environmental Services, Planning, Building and Code Enforcement, the City Manager's Budget Office and the City Attorney's Office. This item is scheduled to be heard at the June 11, 2009 Treatment Plant Advisory Committee meeting.

**COST SUMMARY/IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION: \$375,000

Project Delivery	\$1,044,000
Proposed Additional Project Delivery	50,000
Construction	3,600,000
Original Contingency	540,000
Proposed Contingency Increase	<u>325,000</u>
<b>TOTAL PROJECT COST</b>	<b>5,559,000</b>
Prior Year Expenditures	<u>(414,179)</u>
<b>REMAINING PROJECT COSTS</b>	<b>5,144,821</b>
2. COST ELEMENTS OF CONSTRUCTION CONTRACT: A Lump Sum Contract
3. SOURCE OF FUNDING: 512-San Jose/Santa Clara Treatment Plant Capital Fund
4. OPERATING COSTS: This project will have no significant impact on the General Fund operating budget.

HONORABLE MAYOR AND CITY COUNCIL

06-01-09

**Subject:** Environmental Services Building Repair Project – CCO #6

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**BUDGET REFERENCE**

Fund #	Appn #	Appn Name	RC #	Total Appn	Amt. for Contract	Adopted Budget (Page)	Last Budget Action (Date, Ord. No.)
<b>Remaining Project Costs</b>				\$5,144,821	\$325,000		
<b>Remaining Funding Available</b>							
512	6507	Environmental Services Building Repair	15354 5	\$6,000,000	\$325,000	V-153	6/24//08 28349
<b>Total Current Funding Available</b>				\$6,000,000			

**CEQA**

CEQA: Exempt, PP08-157.



KATY ALLEN

Director, Public Works Department

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