



COUNCIL AGENDA: 08-08-00
ITEM: 9c(1)

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Ralph A. Qualls, Jr.

SUBJECT: TUERS-CAPITOL GOLF COURSE

DATE: 08-01-00

Approved

Ray Warner

Date

8/3/00

COUNCIL DISTRICT: 7

RECOMMENDATION

- a. Report on bids, relieve the low bidder, West Bay Builders, Inc., of its bid without forfeiture of its bid security, award of contract for the Tuers-Capitol Golf Course to the lowest responsive bidder, Granite Construction, Inc., to include the base bid and Add Alternate Nos. 1, 3, and 4 in the amount of \$14,178,900, and approval of a contingency in the amount of \$475,000.
- b. Adoption of a resolution:
 - i. authorizing the Director of Public Works to issue individual change orders for the Project in an amount not to exceed \$141,789, and subject to the condition that the aggregate of all such change orders for the Project shall not exceed the contingency amount of \$475,000 for the Project; and
 - ii. requiring the Director of Public Works to report to the City Council within sixty (60) days of issuance of any change order approved by the Director, which describes the scope, dollar value and reason for the change order.

CEQA: E.I.R.

BACKGROUND

On May 30, 2000, the City Council approved the Master Plan for the Tuers-Capitol Golf Course, upheld the certification of the Environmental Impact Report, and approved bond financing for the construction of the golf course.

The subject project would construct the approved golf course. The scope of work for the construction of this project includes: site preparation and demolition, erosion control, fencing, grading, storm and sanitary drainage, bridge construction, asphalt-concrete work, concrete work, irrigation, planting, site lighting and electrical work, utility relocations and modifications, architectural structures, lake and stream water construction, and site signage and furniture.

In addition to the base bid, there are three Add Alternate bid items which are proposed to be awarded: Public Art, an Architectural enclosure for mechanical and electrical equipment, and underground conduit for the rerouting of a local P.G.& E. local distribution line.

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ANALYSIS**A. Award of Contract**

Bids were received on June 1, 2000 with the following results:

<u>Contractor</u>	<u>Base Bid</u>	<u>Add Alt. No. 1</u>	<u>Add Alt. No. 3</u>	<u>Add Alt. No. 4</u>	<u>Total Bid</u>	<u>Variances Amount</u>	<u>Over/ (Under) Percent</u>
Gen-Con Building Contractors (Campbell)	\$15,160,000	\$50,000	\$25,000	\$60,000	\$15,295,000	\$4,503,000	42
Top Grade Construction, Inc. (Livermore)	\$14,889,500	\$52,000	\$25,000	\$57,000	\$15,023,500	\$4,231,500	39
Flintco, Inc (Rancho Cordova)	\$14,674,731	\$55,500	No Bid	\$65,200	\$14,795,431	\$4,003,431	37
Granite Construction, Inc. (San Jose)	\$14,104,600	\$53,800	\$10,000	\$10,500	\$14,178,900	\$3,386,900	31
West Bay Builders, Inc. (Campbell)	\$12,850,619	\$60,000	\$20,000	\$35,000	\$12,965,619	\$2,173,619	20
Engineer's Estimate	\$10,685,000	\$50,000	\$18,000	\$39,000	\$10,792,000	---	---

The low bid, submitted by West Bay Builders, Inc., in the amount of \$12,965,619, is 20 percent over the Engineer's Estimate. The City received a letter from West Bay Builders, dated June 5, 2000, stating that a clerical error in the amount of \$300,000 was made under Item 16 of their bid proposal, Clubhouse and Related Sitework. The Contractor provided supplemental documentation to justify their claim of an error. In addition, staff discovered a clerical error in the Contractor's bid proposal under bid line item 10, Bridge Construction. The clerical error consisted of the deletion of a digit, an error in the amount of \$420,300. Within the five working day period required under the Standard Specifications, West Bay confirmed that the amount

listed under bid line item 10 was incorrect and resulted from a clerical error in filling out the bid. Subsequently, the Contractor submitted a letter, dated June 19, 2000, requesting to be released from their bid and return of their Bidder's Bond.

Upon review of the claims of error and documentation to justify the claims, staff concludes that the first claim was not sufficiently documented by the contractor. However, the second claim of error for the Bridge Construction item is a clear clerical error. Staff, therefore, recommends that the low bid contractor be released from their bid and that the Bidders Bond be returned.

The lowest responsive bid, submitted by Granite Construction, Inc., in the amount of \$14,178,900, is 31 percent above the Engineer's Estimate.

Although the five bids varied in a number of areas, there were at least two trends identified across the bids. The first is that the "golf course" bid items, which were estimated to be approximately 50 percent of the overall construction cost amount, were fairly consistent with the Engineer's Estimate for those items. The bids for those items range from between 3 to 17 percent above the Engineer's Estimate.

The second trend is that the "structures" bid items, which include the clubhouse, driving range, cart barn and maintenance yard facilities, were all greatly over the Engineer's Estimate for those items. The bids for those items range from between 16 to 119 percent above the Engineer's Estimate.

Staff interviewed the contractors that submitted the two lowest bids to discuss the results. They confirmed that the structural components bid items were significantly higher than the estimate. They attributed the high costs to the extremely high level of construction activity in this region that has generally driven up costs, especially for the building trades, such as concrete work, framing, electrical, and plumbing. Contractors had difficulty in attracting subcontract proposals for the various trades due to the current level of construction activity and to an existing backlog of work.

Rebidding the project is not expected to result in lower bids due to the continuing and growing backlog of construction work in the region. Delay in award of a contract may alter the currently favorable bonding conditions for the project. A delay of three to six months is expected to have a disproportionate delay for completion of construction because the project will start construction during the fall/winter of this year, missing the favorable summer construction period. And with such a delay, the project will miss the optimum spring/summer growing season for turf and, therefore, turf establishment may take longer.

Staff recommends awarding to the lowest responsive bidder, Granite Construction, Inc., and proposes a construction contingency budget in the amount of \$475,000 to respond to unforeseen conditions that may arise during construction.

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B. Change Order Authority of Director of Public Works

Staff recommends that Council adopt a resolution authorizing the Director of Public Works to issue change orders for this Project subject to the following conditions:

- A. Individual change orders in an amount not to exceed \$141,789, which is 1% of the contract award amount.
- B. The aggregate of all such change orders for a single contract shall not exceed \$475,000, which is the contingency amount approved by Council.
- C. The Director shall provide a report to the Council within 60 days of the date of execution of any change order approved by the Director under this authorization, which describes the scope, dollar value, and reason for the change order.

The Municipal Code limits the authority of the Director of Public Works to issue individual change orders in an amount not to exceed \$75,000. For this Project, staff proposes that the authority of the Director of Public Works to issue individual change orders be expanded beyond the Director's general change order authority under the Municipal Code to 1% of the contract award amount, which is \$141,789.

Staff proposes this additional change order authority for the Director of Public Works for the Tuers/Capitol Golf course for a variety of reasons, including unforeseen geotechnical and hazardous material variations within the project limits, unforeseen infrastructure from undocumented activities on the site, and addressing constructability issues. For these reasons, it is proposed that the authority of the Director be increased for individual change orders on this project so as to increase staff's ability to respond to construction issues in an efficient manner and to facilitate coordination with the contractor.

PUBLIC OUTREACH

This proposed project was listed on the City's Internet Bid Line and advertised in the *San Jose Mercury News* and *San Jose Post Record*. Bid packages for all Department of Public Works construction projects are routinely provided to a standard list of various contractor organizations, builder's exchanges, and disadvantaged business organizations, including United Minority Business Enterprises and the San Jose Minority Business Development Center.

This proposed project also had a prequalification phase for golf course construction contractors. The outreach for the prequalification phase included contacting golf course construction contractors, the Golf Course Builders Association of America, and performing the outreach as described above.

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COORDINATION

This proposed project has been coordinated between the Departments of Conventions, Arts, and Entertainment, Parks, Recreation and Neighborhood Services, Planning, Building and Code Enforcement, Finance, Environmental Services, Fire, and Streets and Traffic; and the Offices of the City Manager and the City Attorney.

COST IMPLICATIONS

1. COST OF RECOMMENDATION: \$14,178,900

2. COST OF PROJECT:

Project Development	\$ 607,000
Construction	14,178,900
Design and Construction Management	1,994,000
Contingency	475,000
Permit Fees	30,000
Habitat Mitigation	350,000
P.G.& E. Facilities Relocation	110,000
FF&E Budget	1,500,000
Public Art	120,000
Operational Reserve	600,000
TOTAL	\$19,964,900

3. SOURCE OF FUNDING: 391 - Construction and Conveyance Fund,
Citywide Parks
518 - Municipal Golf Course Fund
001 - General Fund
500 - Municipal Water Company Capital Fund
398 - Construction and Conveyance, Park Maintenance
TBD- Bond Proceeds (Construction)

4. ESTIMATED START DATE OF CONSTRUCTION: August 2000

5. ESTIMATED COMPLETION DATE OF CONSTRUCTION: November 2001

BUDGET REFERENCE**

Fund:	391 *
APPN:	6437
RC:	106083
Amount:	\$1,225,000
Budget Document:	1999-2000 Adopted Capital Budget, Page 389, Item 20

MAR-14-2001 15:21 PW ADMIN
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Fund: 518
 APPN: 6631 6233 6632
 RC: 103071 105806 110023
 Amount: \$1,139,000 (Total)
 Budget Document: 1999-2000 Adopted Operating Budget, Page 859

Fund: 001 *
 APPN: 4482 4782 6437
 RC: TBD TBD TBD
 Amount: \$100,000 \$620,000 \$150,000
 Budget Document: 1999-2000 Adopted Operating Budget pages 710 & 711.

Fund: 500
 APPN: 6433
 RC: 101033
 Amount: \$505,000
 Budget Document: 1999-2000 Adopted Capital Budget, page 770, item 8

Fund: 398
 APPN: 6439
 RC: 106463
 Amount: \$250,000
 Budget Document: 1999-2000 Adopted Capital Budget, Page 437, item 3

Fund: 518
 APPN: 6632
 RC: TBD
 Amount: \$18,004,800
 Budget Document: 2000-01 Appropriation Ordinance, Sec. 10.01, p.2 (pending bond proceeds)

* This project spans four fiscal years. The budget reference listed here is for the 1999-2000 fiscal year only. In previous years, the Municipal Golf Fund and the General Fund contributed to the initial Project development and design. The contract for the golf course construction recommended in this request is payable from pending bond sale proceeds.

NONDISCRIMINATION

The City of San José Nondiscrimination Requirements are included in this project as required by Section 4.08 of the San José Municipal Code.

MAR-14-2001 15:22

PW ADMIN.

408 277 3156 P.08/09

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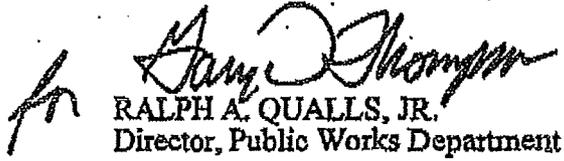
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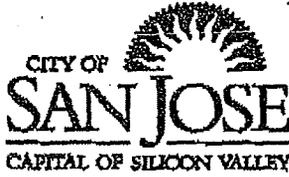
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CEQA

E.I.R.: PP No. 98-03-064


RALPH A. QUALLS, JR.
Director, Public Works Department

KTKJ:TMcL
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Department of Public Works
Administration Division

FAX TRANSMITTAL SHEET

DATE: 3-14-01

TO: Ray Denise CO./DEPT./DIV.: _____

OFFICE NO.: 4669 FAX NO.: 3535

RE: Tues Capital Self Course

FROM: Janice Belanger CO./DEPT./DIV.: _____

OFFICE NO.: 4333 FAX NO.: (408) 277-3156

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TO: Michael Zimmermann FAX: + 3157

FROM: Ch. Denise MacKenzie

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