



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen
Jane Light

SUBJECT: SEE BELOW

DATE: 02-01-10

Approved

Date

2/4/10

COUNCIL DISTRICT: 1

SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR CONSTRUCTION OF THE CALABAZAS BRANCH LIBRARY PROJECT

RECOMMENDATION

Report on bids and award of contract for the Calabazas Branch Library Project to the lowest responsive bidder, Zolman Construction and Development, Inc., to include the base bid and Add Alternate Nos. 1 through 4 in the amount of \$4,860,000, and approval of a contingency in the amount of \$730,000.

OUTCOME

Approval of the construction contract to Zolman Construction and Development, Inc., (Zolman) will allow the Calabazas Branch Library project to be built and occupied for use by the community. Approval of the 15% contingency will provide funding for any unanticipated work necessary for the completion of the Project.

EXECUTIVE SUMMARY

The apparent low bidder for the Project, Applegate Johnston, Inc., (Applegate), was relieved of its bids based upon a mistake in filling out the bid. Therefore, staff recommends award of the contract to the second lowest bidder, Zolman.

BACKGROUND

The new Calabazas Branch Library is the 19th Measure O Library Bond project for the City of San José. The project will be constructed using the branch Library Bond Projects Fund and the Subdivision Park Trust Fund. The new facility will replace the existing 5,880 square foot Calabazas Branch Library at 1230 Blaney Avenue, in San José.

The base bid scope of work includes construction of a new 10,500 square foot one-story library which contains various reading areas, children and adult collection spaces, family learning

center, tech center, staff work room and community meeting room. Exterior elements will include a plaza breakout space outside the community room and 47 parking spaces to accommodate library and community room users.

In accordance with City Council direction in November 2006, this library is designed to meet the criteria of a LEED Silver level facility. It will be registered with the United States Green Building Council as targeting the Silver LEED certification upon completion of construction.

In addition to the base bid scope of work, there are four Add Alternate items as follows:

- Add Alternate No.1: Exterior Metal Panel Siding MP1 for portion of the exterior walls
- Add Alternate No.2: Exterior Metal Panel siding MP2 at upper pop up volume
- Add Alternate No.3: Exterior Concrete Benches and Yellow Brick Road Pavers
- Add Alternate No.4: Interior, add window frames in Group Study Room 114

On June 16, 2009, the City Council approved the 2010-2014 Adopted Capital Improvement Program (CIP) and 2009-2010 Adopted Capital Budget. In order to defer the operating and maintenance impact on the General Fund, the opening of the Calabazas Branch Library was deferred by one year, which resulted in the project schedule being delayed by about ten months. The revised milestones for this project are as follows: bid opening was December 10, 2009, contract award is scheduled for February 23, 2010, start of construction is scheduled for spring 2010 and completion is scheduled for summer 2011.

ANALYSIS

A. Report on bids

The bids for this project were opened on December 10, 2009. The results are as follows:

<u>Contractor</u>	<u>Base Bid</u>	<u>Add Alts</u>		<u>Variance</u> <u>Amount</u>	<u>Over /</u> <u>(Under)</u> <u>Percent</u>
		<u>1-4</u> <u>Total</u>	<u>Total Bid</u>		
Hagensen Pacific Construction (San Jose)	\$6,088,000	\$ 286,505	\$ 6,374,505	\$ 1,052,505	20
Tombleson Incorporated (Salinas)	5,699,579	306,143	6,005,722	683,722	13
Staples Construction (Ventura)	5,550,000	235,200	5,785,200	463,200	9
Roek Construction (Stockton)	5,577,000	175,800	5,752,800	430,800	8
W.E. Lyons Construction (Walnut Creek)	5,490,000	177,980	5,667,980	45,980	7
Svala Construction (Burlingame)	5,460,000	115,000	5,575,000	253,000	5

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Sausal Corporation (San Leandro)	5,333,000	225,362	5,558,362	236,362	4
Gonsalves & Stronck Construction (San Carlos)	5,277,000	224,000	5,501,000	179,000	3
Zovich Construction (Hayward)	5,280,000	212,500	5,492,500	170,500	3
Codding Construction (Ronhert Park)	5,240,000	203,300	5,443,300	121,300	2
John Plane Construction (Brisbane)	5,235,000	195,600	5,430,600	108,600	2
Roebbelen Construction (El Dorado Hills)	5,115,000	247,000	5,362,000	40,000	1
Ralph Larsen and Sons (San Mateo)	5,158,000	198,600	5,356,600	34,600	1
Midstate Construction (Petaluma)	5,136,723	214,400	5,351,123	29,123	1
Engineer's Estimate	5,162,000	160,000	5,322,000	-	-
Farotte Construction (Gilroy)	5,140,000	132,000	5,272,000	(50,000)	(1)
BCI Builders (Scotts Valley)	5,160,000	62,000	5,222,000	(100,000)	(2)
San Jose Construction (San Jose)	4,995,000	190,000	5,185,000	(137,000)	(3)
Pencon (Livermore)	4,954,000	228,500	5,182,500	(139,500)	(3)
Bogard Construction (Santa Cruz)	4,997,113	165,397	5,162,510	(159,490)	(3)
McCrary Construction (Belmont)	4,949,000	199,500	5,148,500	(173,500)	(3)
Flintco Construction Solutions (Folsom)	4,848,000	205,000	5,053,000	(269,000)	(5)
Reeve Knight Construction (Roseville)	4,831,312	196,291	5,027,603	(294,397)	(6)
DL Falk Construction (Hayward)	4,729,000	221,800	4,950,800	(371,200)	(7)
Zolman Construction (San Carlos)	4,600,000	260,000	4,860,000	(462,000)	(9)
Applegate Johnston (Modesto)	4,444,000	263,500	4,707,500	(614,500)	(12)

The bid results of the Add Alternates are as follows:

<u>Contractor</u>	<u>Add Alt No. 1</u>	<u>Add Alt No. 2</u>	<u>Add Alt No. 3</u>	<u>Add Alt No. 4</u>
Hagensen Pacific Construction	\$55,890	\$199,655	\$ 12,100	\$18,860
Tombleson Incorporated	73,682	209,480	15,989	6,992
Staples Construction	22,800	204,400	4,400	3,600
Roek Construction	35,000	123,000	10,100	7,700
W.E. Lyons Construction	25,660	141,000	4,870	6,450
Svala Construction	21,000	81,000	7,000	6,000
Sausan Corporation	51,300	160,000	6,062	8,000
Gonslaves & Stronck Construction	54,000	161,000	6,000	3,000
Zovich Construction	51,000	127,500	19,000	15,000
Codding Construction	53,900	129,800	10,200	9,400
John Plane Construction	70,000	110,000	12,000	3,600
Roebbelen Construction	57,000	175,000	9,000	6,000
Ralph Larsen and Sons	44,000	140,000	7,000	7,600
Midstate Construction	46,000	151,000	11,000	6,400
Engineer's Estimate	46,000	91,000	10,000	13,000
Farotte Construction	14,000	100,000	8,000	10,000
BCI Builders	14,000	18,000	24,000	6,000
San Jose Construction	39,000	143,000	4,700	3,300
Pencon	55,000	160,000	6,500	7,000
Bogard Construction	40,544	116,943	5,301	2,609
McCrary Construction	41,000	143,500	11,000	4,000
Flintco Construction Solutions	42,000	150,000	7,000	6,000
Reeve Knight Construction	34,793	151,634	9,864	0
DL Falk Construction	61,000	152,000	6,500	2,300
Zolman Construction	50,000	180,000	10,000	20,000
Applegate Johnston	70,000	185,000	3,500	5,000

Of the 25 bids received, 11 were below the Engineer's Estimate and 14 were higher than the Engineer's Estimate. The low bid submitted by Applegate is 12% below the Engineer's Estimate. During the final design phase staff discussed the overall market conditions with the cost estimate consultant. It was concluded that the construction market was still extremely competitive as a result of the economic downturn. Many contractors were submitting bids with little overhead/profit and other costs, and that some contractors have been submitting bids that reflected a decision to take a loss. This has made it very difficult to provide accurate cost estimates. The Engineer's Estimate had been adjusted downward based upon the bidding results of a previous library project.

All but three of the bids fall within a ten percent swing of the Engineer's Estimate, consistent with industry standard for bid results. In reviewing the bids, staff found that the mean and

average bid amounts are 1% to 4% respectively below the Engineer's Estimate. The individual bid amount of the 11 lowest bidders represents a difference of 1% to 3% from one to another. These narrowly spread bid differences indicate that the bid documents were consistently understood and that the below market value bids are valid and acceptable for the work involved in the project.

Council Policy provides for a standard contingency of 10% on public works projects involving the construction of a building. Along with the award of the construction contract, staff recommends a 15% construction contingency allocation. Due to the below market value bid, the contingency amount for this contract will yield approximately 30% less than what it would normally yield from a contract of full market value. To increase the ability of staff to effectively manage any unforeseen work and/or address other challenges during the construction phase, staff recommends increasing the contingency fund from the standard 10% to 15% or \$730,000 of the contract amount. The funds budgeted for this project are sufficient to provide for the recommended contingency. Any unused contingency funds will be returned to the program.

B. Recommendation to award construction contract.

Shortly after the bid opening on December 10, 2009, Applegate notified the City that they had made a mistake in filling out its bid and provided documentation and a written request to be relieved of its bid in accordance with the City's Standard Specifications, dated July 1992, Section 2-1.095 "Relief of Bidders," due to a mistake made in tabulating its bid when it was delivered to the City Clerk's Office. Upon review of the documentation provided by Applegate to support its request, the City approved the request to be relieved from its bid without forfeiting the bid security (Bidder's Bond). Staff recommends award of the construction contract including all Add Alternates to the second lowest responsive bidder, Zolman. The construction award will include the base bid and Add Alternates 1 through 4 for a total construction contract amount of \$4,860,000. Zolman was the contractor who completed the construction of Mayfair Community Center in 2009 with favorable results. Its bid represents an amount which is 9% below Engineer's Estimate.

In order to defer or reduce operating and maintenance costs as directed in the Mayor's March 2009 Budget Message and approved by the City Council, the 2009-2010 Adopted Capital Budget and 2010-2014 Adopted Capital Improvement Program includes a recommendation to defer the opening of the Calabazas Branch Library until October 2011. As a result of this action, although the beneficial use date for this facility will occur in July 2011, the building will be kept closed for three months prior to the grand opening.

EVALUATION AND FOLLOW-UP

Approval of this recommendation will enable the Project to move forward into the construction phase. A recommendation to approve an amendment of the project design consultant's agreement for an increase of compensation and extension of term will be addressed in a separate memorandum. At this time, there are no other pending issues requiring Council attention.

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 action meets the first criteria above. To solicit contractors this Project was listed on the City's Internet Bid Line and advertised in the *San José Post Record*. Bid notifications for all Department of Public Works construction projects were provided to various contractor organizations and builder's exchanges. This memorandum will be posted on the City's website for the February 23, 2010 Council agenda.

COORDINATION

This project and memorandum has been coordinated with the Department of Planning, Building and Code Enforcement, the City Manager's Budget Office, and the City Attorney's Office.

FISCAL/POLICY ALIGNMENT

This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy. The expansion of square footage of this branch library will also assist in meeting the General Plan goal of providing 0.43 square feet of library space per capita at this library.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT: \$4,860,000	
Project Delivery	\$1,987,000
Construction	4,860,000
Contingency (15%)	730,000
Public Art	102,000
TOTAL PROJECT COSTS	\$7,679,000

Prior Year Expenditures (\$1,423,057)
REMAINING PROJECT COSTS \$6,255,943

2. COST ELEMENTS OF CONTRACT: Lump sum.
3. SOURCE OF FUNDING: 375 – Subdivision Park Trust Fund
 472 – Branch Libraries Bond Projects Fund
4. OPERATING COST: The annual operating and maintenance impact on the General Fund for the Calabazas Branch Library is anticipated to be \$1,057,000 beginning in 2011-2012. This funding was included in the Preliminary 2011-2015 General Fund Forecast, which was released on October 30, 2009.

BUDGET REFERENCE

The table below identifies the fund and appropriations proposed to fund the contract(s) recommended as part of this memo and remaining project costs, including project delivery, construction, and contingency costs.

Fund #	Appn #	Appn. Name	Total Appn	Amt. For Contract	2009-2010 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
Remaining Project Costs			\$6,255,943	\$4,860,000		
Current Funding Available						
375	6234	Calabazas Branch Library Community Room	353,000		V-595	06/23/09 Ord. No. 28593
472	5528	Calabazas Branch	5,562,000	\$4,860,000	V-249	10/20/09 Ord. No. 28653
Total Current Funding			\$5,915,000	\$4,860,000		
Funding in Future Years			\$437,000			
Total Funding for Project			\$6,352,000	\$4,860,000		

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CEQA

CEQA: Mitigated Negative Declaration, File No. PP08-023.



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JANE LIGHT

Library Director

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

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