



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Loesch

SUBJECT: SEE BELOW

DATE: June 13, 2023

Approved

Date

6/13/24

COUNCIL DISTRICT: 3

**SUBJECT: ACTIONS RELATED TO THE 10202 - THE TECH INTERACTIVE
CHILLERS AND COOLING TOWER REPLACEMENT PROJECT**

REASON FOR SUPPLEMENTAL

The purpose of this memorandum is to provide additional information obtained after bids were opened.

RECOMMENDATION

- (a) Report on bids and award of a contract for the construction of 10202 – The Tech Interactive Chillers and Cooling Tower Replacement Project to the lowest responsive, responsible bidder, ACCO Engineered Systems Inc., for the base bid and Bid Alternate No. 2 and No. 4 in the amount of \$3,702,913; and
- (b) Approve a 15% contingency in the amount of \$555,437.

BACKGROUND

A memorandum dated May 30, 2023 was forwarded to City Council for the June 20, 2023 City Council meeting. The purpose of this supplemental memorandum is to provide additional information obtained after the bid opening.

ANALYSIS

Bids were opened on May 25, 2023 with the following results:

<u>Contractor</u>	<u>Base Bid</u>	<u>Bid Alt. Total</u>	<u>Total Bid</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
ACCO Engineered Systems Inc. (San José)	\$1,907,658	\$2,029,538	\$3,937,196	(\$275,804)	(7)
Environmental Systems Inc. (Santa Clara)	2,030,400	1,964,000	3,994,400	(218,600)	(6)
Engineer’s Estimate	1,800,000	2,413,000	4,213,000	--	--

<u>Contractor</u>	<u>Bid Alternate No. 1</u>	<u>Bid Alternate No. 2</u>	<u>Bid Alternate No. 3</u>	<u>Bid Alternate No. 4</u>
ACCO Engineered Systems Inc. (San José)	\$141,145	\$114,473	\$93,138	\$1,680,782
Environmental Systems Inc. (Santa Clara)	267,400	280,400	168,400	1,247,800
Engineer’s Estimate	310,000	300,000	103,000	1,700,000

Section 3-1.01D of the City of San José Special Provisions specifies how the City will determine the low bid when bid alternates are included. The section requires the City to determine the low bid by adding the base bid to any bid alternates until a ceiling price is reached. The low bidder will be the bidder whose total amount calculated under the preceding sentence (1) includes the greatest number of Bid Alternates or (2) offers an equal number of Bid Alternates for the lowest price. If the addition of the first Bid Alternate to the base bid results in a figure greater than the ceiling amount in the case of every responsive bidder, the low bid will be determined by the base bid alone.

In this instance, the ceiling price was set at \$4,000,000, and the low bid was therefore determined by adding the base bid to all four bid alternates. Neither bidder exceeded the ceiling threshold, therefore based on the criteria specified in Section 3-1.01D of the Special Provisions, ACCO Engineered Systems Inc. was determined to be the low bidder for the project. The low bid submitted by ACCO Engineered Systems Inc. is 7% below the Engineer’s Estimate.

Section 3-1.01D of the City of San José Special Provisions further specifies that once the low bidder has been identified in the preceding manner, the City may elect to award the base bid item alone or any or all Bid Alternate items in any sequence to that low bidder, even if the resulting contract amount no longer represents the lowest total price for the particular items chosen. In this instance, the City has chosen to award the base bid item with Bid Alternate No. 2 and No. 4 to the low bidder, ACCO Engineered Systems Inc. The base bid of this project provides two new chillers, two new condenser water pumps, and refurbishes the existing single-cell cooling tower.

However, Bid Alternate No. 4, replaces the existing cooling tower with a two-cell cooling tower with a filtration system, instead of refurbishing the existing single cell cooling tower, as well as converts the cooling system from constant flow to variable flow to meet current code requirements. The Bid Alternate No. 2 provides temporary chiller during the replacement of the existing chiller.

The bid submitted by ACCO Engineered Systems Inc., including the base bid and Bid Alternates No.2 and No. 4, is 3% below the Engineer's Estimate. Staff considers the low bid submitted for this project to be competitive and reasonable for the work to be performed and recommends the award of the contract to ACCO Engineered Systems Inc.

ACCO Engineered Systems Inc. has completed projects for the City of San José, including the San José Civic Center HVAC Systems Project in 2003. Additionally, the company completed projects with similar scope in the San Francisco Bay Area, such as the Salesforce Tower and the Mission San Francisco-Central Plant Renovation in San Francisco and Levi's Stadium in City of Santa Clara.

Construction is scheduled to begin in August 2023, with anticipated completion in December 2024.

Contingency

San José Municipal Code Section 27.04.050 provides for a standard contingency of 15% on public works contracts involving the renovation of a building or buildings. The standard contingency of 15% is appropriate for this project.

Project Labor Agreement Applicability

The City's Project Labor Agreement is applicable to this project because the Engineer's Estimate is over \$1.2 million.

Local and Small Business Outreach

In order to facilitate small and local business participation on this project, Procurement staff used Bidding to outreach to local and small business enterprises. Chapter 4.12 of the San José Municipal Code defines a "local business enterprise" as one with a legitimate business presence in Santa Clara County and a "small business enterprise" as a local business enterprise with 35 or fewer employees. Procurement staff sent bid invitations to 11,184 vendors, and documents were downloaded by 19 vendors, seven of which were located within Santa Clara County and, therefore, local. The recommended contractor is a local but not a small business enterprise. In addition, King Crane (San José), Sunbelt Controls (San José), Silver Creek Electric (Morgan Hill), Innovate Concrete (San José) and TC Platner Corporation (Mountain View) are local business enterprises listed as subcontractors. The approximate value of work for these businesses is \$400,000.

COST SUMMARY/IMPLICATIONS

This project supports the City’s most urgent repair needs with the goal to ensure uninterrupted operations at the Tech Interactive Museum. The construction of 10202-The Tech Interactive Chillers and Cooling Towers Replacement project will provide the museum a new reliable, highly efficient cooling system. The funding source for this project is through the General Fund Capital Projects Strategic Support CSA.

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

Project Delivery*	\$853,829
Construction**	3,702,913
Contingency	555,437
TOTAL PROJECT COSTS	\$5,112,179
Prior Years’ Expenditures and Encumbrances	769
TOTAL REMAINING PROJECT COSTS	\$5,111,410

*Project delivery includes estimates of \$293,664 for Design Services and \$560,165 for Construction Management, Commissioning and Inspection Services.

**Construction Contract for base bid with Bid Alternatives No.2 and No.4

2. COST ELEMENTS OF CONTRACT AS RECOMMENDED AS PART OF THE MEMORANDUM:

Mobilization and Demobilization	\$25,000
Site survey, construction documents, submittal preparation, and inspection.	16,000
Demolition	75,000
Mechanical and Plumbing work	3,404,859
Electrical work	72,925
Start-up, testing, commissioning support and training.	55,471
Closeout Documentation	53,658
TOTAL CONSTRUCTION CONTRACT	\$3,702,913

3. SOURCE OF FUNDING: Allocated funding for this project in the General Fund (Fund 001) totals \$5,114,000. Of this amount, \$3,914,000 is allocated in The Tech Interactive Controls Module appropriation and \$1,200,000 is allocated in the Tech Interactive Chiller and Cooling Tower Replacement appropriation.

4. FISCAL IMPACT: No additional operating and maintenance costs are anticipated to be generated from this renovation project.

BUDGET REFERENCE

The table below identifies the fund and appropriation to fund the contract recommended as part of this memorandum.

Fund #	Appn #	Appn Name	Total Appn	Amt. for Contract	2023-2024 Adopted Capital Budget Page**	Last Budget Action (Date, Ord. No.)
001	7875	The Tech Interactive Controls Module Improvements	\$3,400,000*	\$2,502,913	N/A	6/20/2023
001	New	The Tech Interactive Chiller and Cooling Tower Replacement	\$1,200,000	\$1,200,000	N/A	6/20/2023

*A year-end adjustment is recommended in the Approval of Various Budget Actions for Fiscal Year 2022-2023 memorandum to reallocate \$1,075,000 of project savings from The Tech Interactive Fire Alarm System appropriation to The Tech Interactive Controls Module Improvements appropriation. A rebudget action is recommended in the Recommended Amendments to the 2023-2024 Proposed Operating and Capital Budgets (Manager’s Budget Addendum) in the amount of \$3,400,000 for the Tech Interactive Controls Module Improvements appropriation.

**The 2023-2024 Adopted Capital Budget is scheduled to be approved by the City Council on June 13, 2023 and adopted on June 20, 2023.

CEQA

Categorically Exempt, File No. ER22-272. CEQA Guidelines Section 15301, Existing Facilities.

/s/
MATT LOESCH
Acting Director of Public Works

For questions, please contact Sal Kumar, Public Works Interim Deputy Director, at Sal.kumar@sanjoseca.gov or (408) 793-5307.