

COUNCIL AGENDA: 9/12/17
ITEM: 5.1

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Angel Rios, Jr.
Barry Ng
Jennifer A. Maguire

SUBJECT: SEE BELOW

DATE: September 1, 2017

Approved

Date

9/1/17

COUNCIL DISTRICT: 8

SUBJECT: ACTIONS RELATED TO THE 7620-ARCADIA SOFTBALL FACILITY PROJECT

RECOMMENDATION

- (a) Report on bids and award of contract for the 7620-Arcadia Softball Facility Project to the low bidder, Goodland Landscape Construction, Inc., for the base bid and Bid Alternate No. 1 in the amount of \$16,791,161, and approval of a five percent contingency in the amount \$840,000.
- (b) Adopt the following 2017-2018 Appropriation Ordinance and Funding Source Resolution amendments in the Parks and Recreation Bond Projects Fund:
 - (1) Increase the Beginning Fund Balance by \$748,000; and
 - (2) Increase the Arcadia Softball Facility appropriation to the Parks, Recreation, and Neighborhood Services Department by \$748,000.
- (c) Adopt the following 2017-2018 Appropriation Ordinance and Funding Source Resolution amendments in the Construction and Conveyance Tax Fund: City-Wide Parks Purposes:
 - (1) Decrease the Beginning Fund Balance by \$65,100; and
 - (2) Decrease the Arcadia Softball Facility appropriation to the Parks, Recreation, and Neighborhood Services Department in the amount of \$65,100; and
 - (3) Increase the Arcadia Softball Facility appropriation to the Parks, Recreation, and Neighborhood Services Department by \$1,300,000; and
 - (4) Decrease the Infrastructure Backlog Reserve by \$1,300,000.
- (d) Adopt the following 2017-2018 Appropriation Ordinance and Funding Source Resolution amendments in the Construction Tax and Property Conveyance Tax Fund: Parks Maintenance Yards Purposes:
 - (1) Decrease the Beginning Fund Balance \$33,600; and

- (2) Decrease the Arcadia Softball Facility Maintenance Yard appropriation to the Parks, Recreation, and Neighborhood Services Department by \$33,600; and
 - (3) Increase the Arcadia Softball Facility Maintenance Yard appropriation to the Parks, Recreation, and Neighborhood Services Department by \$129,000; and
 - (4) Decrease the Park Yards Future Projects Reserve by \$129,000.
- (e) Adoption of the following 2017-2018 Appropriation Ordinance Amendments in the Subdivision Park Trust Fund:
- (1) Establish the Arcadia Softball Facility appropriation to the Parks, Recreation, and Neighborhood Services Department in the amount of \$144,000; and,
 - (2) Decrease the Future PDO/PIO Projects Reserve appropriation by \$144,000.

OUTCOME

Award of this construction contract to Goodland Landscape Construction, Inc, and approval of the recommended budget actions will enable the Arcadia Softball Facility Project to proceed. Approval of a five percent contingency will provide funding for any unanticipated work necessary for the completion of the project. Adoption of the appropriation ordinance amendments and funding source resolutions will provide additional funding needed to construct the softball facility, which will accommodate adults and youth softball, as well as youth baseball to serve demand for these activities throughout the City.

EXECUTIVE SUMMARY

On November 15, 2016 (Item 5.1), Council adopted a resolution authorizing the Director of Public Works (Director) to award a contract for the Arcadia Softball Facility to the apparent low bidder in an amount not to exceed \$15,000,000 with an additional five percent of the contract amount for contingency. In addition, the resolution authorized the Director to decide any timely bid protest(s). The project bids were opened June 15, 2017 and the lowest bidder, Goodland Landscape Construction Inc., exceeded the Director's \$15,000,000 award authority by \$1,669,261 for the base bid. As a result, staff is returning to Council and recommending award of the construction contract and approval of the budget actions needed to fund the increased cost of the construction contract.

BACKGROUND

In November 2000, San José voters approved a \$228,000,000 bond Measure P that provided funding for "constructing new recreational sports facilities." The City has completed all but two of the projects that were funded under the bond measure, including renovations to Happy Hollow Park & Zoo, renovations to 69 neighborhood parks, construction/renovation of nine community centers, completion of seven regional parks, and six trail projects. The two remaining projects to

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be constructed are the sports facilities; one for soccer and one for softball. The proposed actions for City Council allow the City to proceed with the softball facility construction.

On December 9, 2014, the City Council adopted a resolution authorizing the City Manager or his designee to negotiate and execute a Purchase and Sale Agreement (PSA) with the Arcadia Development Co., in an amount not-to-exceed \$500,000 for the purchase of approximately 14.48 gross acres of land bordered by Quimby Road on the north, Capitol Expressway on the east and Chopin Avenue on the west, for the development of the proposed softball facility funded by the Measure P bond program (see attached map).

On September 2, 2016, the Arcadia Development Co. signed the PSA with the City in the amount of \$0 to donate 14.48 gross acres of land for the proposed softball facility. The Grant Deed was recorded by Santa Clara County on December 16, 2016.

The base bid scope of work consists of four natural turf fields that can be used for all ages of softball as well as youth baseball. The fields will include netting backstops, bullpens, night use field lighting, chairback seating and bleachers; a 234 car parking lot; a 2,539 square foot concession building with a full kitchen and small office space, restroom, and storage; a 1,160 square foot maintenance building with a breakroom, maintenance equipment and field storage rooms, and staff parking; a playground with shade canopy; picnic areas; irrigation and planting; perimeter fencing and gates; utility connections; and, other park amenities.

In addition to the base bid scope of work, there are five bid alternate items as follows:

Description

Bid Alternate No. 1: Spectator shade canopy for the chairback seating area for fields one and four.

Bid Alternate No. 2: Bullpens for fields two and three.

Bid Alternate No. 3: Light-emitting diode (LED) night use field lighting in lieu of metal halide night use field lighting for all fields.

Bid Alternate No. 4: Slit sand drainage system for fields one and four.

Bid Alternate No. 5: Six electrical vehicle charge stations.

It is anticipated that construction will begin in October 2017 with completion in November 2018, and the facility opening for full time use in spring of 2019.

ANALYSIS

On October 28, 2016, the City posted the pre-qualification submittal request on Bidsync. On November 18, 2016, the City received submittals from Robert A. Bothman Construction and Goodland Landscape Construction, Inc. Staff review determined only Robert A. Bothman Construction met the minimum experience requirements. To get more potential bidders, the City revised the pre-qualification with broader requirements.

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On December 1, 2016, the City posted the revised pre-qualification submittal request on Bidsync. In response to the revised pre-qualification submittal request, seven submittals were received (FLINT, Goodland Landscape Construction, Inc., Graniterock Company, McGuire and Hester, O.C. Jones & Sons, Inc., Robert A. Bothman, and Suarez & Munoz Construction, Inc.), of which all met the minimum requirements as set forth in the pre-qualification request and were deemed responsive to bid the project.

Staff issued the Notice of Determination of Pre-Qualified Contractors on January 13, 2017. Staff subsequently completed the project bid package and advertised the project for bidding on April 26, 2017. Only four of the seven pre-qualified bidders submitted bids.

Bids were opened on June 15, 2017 with the following results:

<u>Contractor</u>	<u>Base Bid</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
Engineer's Estimate	\$14,800,000		
Bidder No. 4	16,669,261	1,869,261	13
Bidder No. 1	17,452,000	2,652,000	18
Bidder No. 3	18,000,000	3,200,000	22
Bidder No. 5	18,700,000	3,900,000	26

The bid results of the bid alternates are as follows:

<u>Contractor</u>	<u>Bid Alt. No. 1</u>	<u>Bid Alt. No. 2</u>	<u>Bid Alt. No. 3</u>	<u>Bid Alt. No. 4</u>	<u>Bid Alt. No. 5</u>
Engineer's Estimate	\$71,000	\$133,000	\$333,000	\$290,000	\$162,000
Bidder No. 4	121,900	98,000	106,000	245,000	107,000
Bidder No. 1	120,000	125,000	105,500	225,000	107,000
Bidder No. 3	150,000	175,000	160,000	220,000	146,000
Bidder No. 5	150,000	100,000	129,910	225,000	138,575

Staff used a "blind" selection process for the bids – a process that complies with the public bidding requirement to objectively select the low bidder while allowing the City to select whichever combination of bid alternates provides the "best value" for the City. Under this selection method, City staff analyzes the "pricing" portion of the bid proposals *without knowing the name of the contractor submitting the proposal*. This is accomplished by giving the "pricing" portion of each bid proposal a unique number. After analyzing all the bids, staff can select the low bidder for the combination of base bid and bid alternates that are most advantageous to the City. Only after selecting the lowest bidder in this manner is the actual identity of the bidder disclosed.

After making the determination that awarding a construction contract for only the base bid work was best for the City, the identity of the lowest responsive bidder (Bidder No. 4) was identified as being Goodland Landscape Construction, Inc (Goodland). The low bid submitted by

Goodland for the base bid in the amount of \$16,669,261 is 13 percent higher than the Engineer's Estimate.

This variance exceeded staff's expectation and control despite extensive effort to prevent this outcome. In November 2016, Council budgeted \$15,000,000 to construct the project. At the time, staff was instructed to move the project forward without any delay with the understanding that the project budget was not sufficient to deliver all desired park features in the foreseeable bidding climate. To accommodate the limitations on budget and schedule, staff developed three strategies to expedite the project while getting the "best value" out of a construction contract:

- (1) To reduce the contract award time, staff recommended that Council authorize the Director of Public Works to award a construction contract not to exceed \$15,000,000.
- (2) In anticipation of a competitive market and budget shortfall, staff value engineered the plans to include many Bid Alternates to lower the base bid.
- (3) To get the "best value" out of the construction contract, a blind bid process was followed to allow the City to select the best combination of Bid Alternates.

Staff was confident about the strategies and the level of scrutiny on the cost estimates to prevent higher base bid prices. Since then however, the cost of materials and labor further escalated due to a significant demand increase, resulting in higher prices for grading, landscaping, hardscaping, and site electrical work. In addition to the competitive market, the project being a premier-class recreational facility is perceived as a challenge by the contractors and their subcontractors, which also contributed to the higher bid price.

The City considers the bid submitted for this project to be responsive given the current market and recommends awarding the base bid to Goodland.

Subsequent to the bid opening and consultation with Parks, Recreation and Neighborhood Services, the value of Bid Alternate No. 1 was deemed favorable. Therefore, it is recommended to also award Bid Alternate No. 1 for a total amount, including the base bid, of \$16,791,161.

Goodland has been involved in a number of successful City capital improvement projects. Buena Vista Park Expansion and Coy Park Play Area Renovation, for example, were completed by Goodland Landscape Construction, Inc. Goodland is currently working on Del Monte Park Expansion Phase II and the Bramhall Park Lawn Bowling Green Renovation projects.

Additionally, Council policy provides for a standard contingency of five percent on parks projects. The standard contingency, which amounts to \$840,000 in this case, is considered appropriate for the project.

The estimated remaining project cost is \$20,367,883. The Adopted 2017-2018 project budget is \$17,281,000. Adjusting for proposed rebudget actions, totaling \$649,300, as noted in Item 1 below, the revised project budget will be \$17,930,300, leaving a shortfall of \$2,437,583. The following appropriation adjustments are recommended to provide sufficient funding to award the construction contract and complete the project.

- (1) Rebudget actions and reconciliation adjustments for the Arcadia Softball Facility Project:
 - (a) Rebudget \$748,000 of unexpended funds from fiscal year 2016-2017 for the Arcadia Softball Facility project from the Parks and Recreation Bond Projects Fund for fiscal year 2017-2018.
 - (b) Decrease funds for fiscal year 2017-2018 for the Arcadia Softball Facility project from the Construction and Conveyance Tax Fund: City-Wide Parks Purposes by \$65,100 to adjust rebudgeted funds for actual expenses incurred during fiscal year 2016-2017.
 - (c) Decrease funds for fiscal year 2017-2018 for the Arcadia Softball Facility Maintenance Yard project from the Construction Tax and Property Conveyance Tax Fund: Parks Maintenance Yards Purposes by \$33,600 to adjust rebudgeted funds for actual expenses incurred during fiscal year 2016-2017.

- (2) To address the remaining shortfall of \$2,437,583:
 - (a) Provide an additional \$1,300,000 from the Construction and Conveyance Tax Fund: City-wide Parks Purposes, \$144,000 from the Subdivision Park Trust Fund to the Arcadia Softball Facility project, and an additional \$129,000 for the Arcadia Softball Facility Maintenance Yard project from the Construction Tax and Property Conveyance Tax Fund: Parks Maintenance Purposes.
 - (b) While not reflected in the budget actions for 2017-2018, the Administration plans to reallocate \$865,000 in funding programmed for fiscal year 2018-2019 for the City-wide Infrastructure Backlog Reserve to the Arcadia Softball Facility project for project delivery costs in 2018-2019.

As additional Construction and Conveyance Tax revenue becomes available, the Administration's goal is to replenish the Infrastructure Backlog Reserve appropriation in the Construction and Conveyance Tax Fund: City-wide Parks Purposes. Future funding is subject to availability, and subsequent action will be recommended during the regular budget process.

EVALUATION AND FOLLOW-UP

Council will be updated on this project as part of the Public Works regular CIP reports.

PUBLIC OUTREACH

This project was listed on BidSync (www.bidsync.com) and advertised in the *San José Post Record*. The complete bid package and project information for all Department of Public Works construction projects are available on BidSync for interested contractors, contractor organizations and builders' exchanges. This memorandum will be posted on the City's Council Agenda website for the September 12, 2017, City Council meeting.

COORDINATION

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

COMMISSION RECOMMENDATION/INPUT

This item does not have input from a board or commission.

FISCAL/POLICY ALIGNMENT

The proposed project aligns with the adoption of the Greenprint 2009 Update by City Council, the City's General Plan and the Measure P Bond program.

COST SUMMARY/IMPLICATIONS

(1) AMOUNT OF RECOMMENDATION/COST OF PROJECT

Project Delivery *	\$2,256,000
Construction (Lump Sum)	\$16,791,161
Contingency	\$840,000
HCP and Traffic Impact Fees	\$1,070,000
Title Insurance	\$80,000
FF&E	\$381,000
TOTAL PROJECT COST	\$21,418,161
Prior Years' Expenditures/Encumbrances**	(\$1,050,278)
REMAINING PROJECT COST	\$20,367,883

*Project Delivery includes design and bid/award, project management, inspection, construction management, and consultant fees.

**Prior year expenditures, encumbrances, and estimated overhead costs through June 30, 2017.

(2) SOURCE OF FUNDING:

- 471 – Parks and Recreation Bond Projects Fund
- 391 – Parks City-Wide Construction and Conveyance Tax Fund
- 398 – Park Yards Construction and Conveyance Tax Fund
- 375 – Subdivision Park Trust Fund

(3) FISCAL IMPACT: The 2018-2022 General Fund Forecast included an estimate that the completed Arcadia Softball Facility will have an operating and maintenance impact of \$213,000 in 2018-2019 and \$827,000 in 2019-2020.

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BUDGET REFERENCE

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

Fund #	Appn. #	Appn. Name	Total Appn.	Rec. Budget Action	Amt. for Contract	2017-2018 Proposed Capital Budget Page*	Last Budget Action (Date, Ord. No.)
471	7774	Arcadia Softball Facility	\$11,000,000	\$748,000	\$11,748,000	650	6/20/2017, 29962
471	R999	Beginning Fund Balance - Unrestricted	\$26,198,689	\$748,000		649	6/20/2017, 78229
391	401K	Arcadia Softball Facility Fixtures, Furnishings, and Equipment	\$381,000	\$0		562	6/20/2017, 29962
391	7774	Arcadia Softball Facility	\$4,900,000	\$1,300,000 (\$65,100)	\$5,043,161	561	6/20/2017, 29962
391	8434	Infrastructure Backlog Reserve	\$1,300,000	(\$1,300,000)		563	6/20/2017, 29962
391	R999	Beginning Fund Balance - Unrestricted	\$13,349,504	(\$65,100)		560	6/20/2017, 78229
398	400C	Arcadia Softball Facility Maintenance Yard	\$1,000,000	\$129,000 (\$33,600)		588	6/20/2017, 29962
398	8682	Park Yards Future Projects Reserve	\$2,503,000	(\$129,000)		588	6/20/2017, 29962
398	R999	Beginning Fund Balance - Unrestricted	\$4,202,133	(\$33,600)		587	6/20/2017, 29962
375	NEW	Arcadia Softball Facility	N/A	\$144,000		N/A	N/A
375	8845	Future PDO / PIO Projects Reserve	\$8,524,459	(\$144,000)		611	6/20/2017, 29962

* The 2017-2018 Adopted Capital Budget was adopted on June 20, 2017.

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CEQA

Addendum to the Evergreen East Hills Vision Strategy Environmental Impact Report and Supplemental Environmental Impact Report (Resolution No. 74742), File No, PP14-088.

/s/
ANGEL RIOS, JR.
Director, Parks, Recreation and
Neighborhood Services

/s/
BARRY NG
Director, Public Works Department

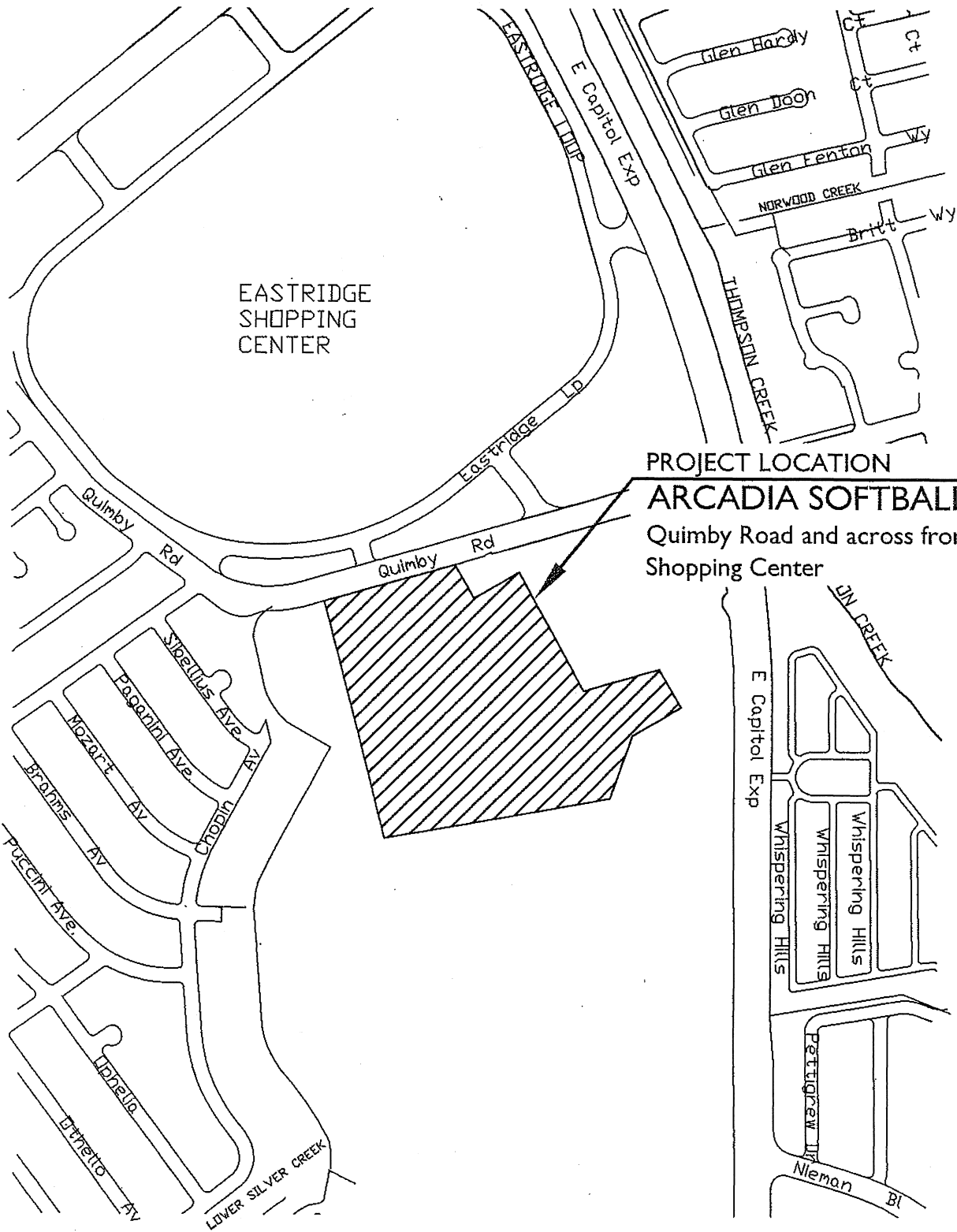
Margaret McCahon for
JENNIFER A. MAGUIRE
Senior Deputy City Manager /
Budget Director

I hereby certify that there will be available for appropriation in the Parks and Recreation Bond Projects Fund in the Fiscal Year 2017-2018 moneys in excess of those heretofore appropriated, said excess being at least \$748,000.

Margaret McCahon for
JENNIFER A. MAGUIRE
Senior Deputy City Manager /
Budget Director

Attachment: Arcadia Softball Facility Location Map

For questions please contact Matt Cano, Assistant Director, Parks, Recreation & Neighborhood Services at (408) 535-4860 or Michael O'Connell, Deputy Director, Public Works Department at (408) 535-8300.



PROJECT LOCATION
ARCADIA SOFTBALL FACILITY
 Quimby Road and across from the Eastridge Shopping Center

7620-ARCADIA SOFTBALL FACILITY

LOCATION MAP
 NOT TO SCALE

