



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Cano

SUBJECT: SEE BELOW

DATE: May 23, 2022

Approved

Date

06/01/22

COUNCIL DISTRICT: 3

**SUBJECT: ACTIONS RELATED TO A CONTRACT FOR TECH INTERACTIVE
BLUE TITLE REPLACEMENT PROJECT AT 201 SOUTH MARKET
STREET FOR THE TECH MUSEUM OF INNOVATION**

RECOMMENDATION

Approve a \$120,000 increase in the construction contingency for the Tech Interactive Blue Tile Replacement Project at the Tech Museum of Innovation from \$115,500 to \$235,500 to pay for additional work completed by the contractor due to unforeseen project elements.

OUTCOME

Approval of the recommendation allows the City of San José (City) to compensate the contractor for additional work completed to date.

BACKGROUND

On March 15, 2021, the Director of Public Works awarded a construction contract to Arts Construction Inc. in the amount of \$770,000 for the project. The project consisted of the removal of approximately 12,000 square feet of a custom-made blue tile finish and replacing the tile with new matching tile at the curved wall of the IMAX theater.

The City issued a Notice to Proceed to Arts Construction Inc. on March 16, 2021. Early in construction phase, the project encountered unexpected obstacles due to lack of as built plans and specifications of the existing subsurface elements such as structural and mechanical. Additional unanticipated work was also completed due to extra scaffold installation needed to support the existing structure during the construction, implementation of a special work schedule, and extra cleaning due to COVID-19 requirements by the Tech Interactive Museum.

The construction cost increases were also incurred for the project as the result of delays due to the pandemic, limited working hours, related material cost increases, and material delivery delays due to shipping yard backlog from the pandemic.

The contractor has finished all tasks associated with the above-mentioned changes, and Substantial Completion was issued for the project on November 16, 2021.

ANALYSIS

Section 27.04.050 of the San José Municipal Code sets a contingency of 10 percent for most public works projects. However, Section 27.04.050 recognizes that building renovation projects involve more uncertainty and provides for a contingency of 15 percent for such projects. The approved contingency is at 15 percent, which equates to \$115,500. Staff requests approval to increase the contingency from delivery cost savings of the project budget by \$120,000 for a total contingency of \$235,500, which is 30 percent of the project, to provide funding for the construction cost increases due to delays. There is sufficient project budget to pay for this change in contingency.

CONCLUSION

Approval of the recommendations will provide a final settlement of outstanding compensation issues arising from additional work due to unanticipated obstacles completed over the course of the construction project duration.

EVALUATION AND FOLLOW-UP

No follow-up action with the City Council is anticipated at this time.

CLIMATE SMART SAN JOSE

The recommendation in this memorandum has no effect on Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the June 14, 2022, City Council meeting.

COORDINATION

This staff report has been coordinated with the City Attorney's Office, City Manager's Budget Office, and the Tech Interactive Museum staff.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

Project Delivery	\$373,410.00
Construction Base Bid	\$770,000.00
15% Contingency	\$115,500.00
Contingency transfer (from delivery savings)	\$120,000.00
TOTAL PROJECT COSTS	\$1,378,910.00
Prior Cost Expenditures [1]:	\$1,041,843.20
Remaining Project Costs:	\$337,066.80

[1] Cost expenditures are as of 6/30/2021

2. SOURCE OF FUNDING: Fund 001 – General Fund

3. OPERATING COSTS: The proposed operating and maintenance costs of this project have been reviewed and will have no significant impact on the General Fund operating budget.

BUDGET REFERENCE

The table below identifies the fund and appropriations allocated to fund the contract and remaining project costs, including project delivery, construction, and contingency costs.

HONORABLE MAYOR AND CITY COUNCIL

May 23, 2022

Subject: Actions Related to the 9345-Tech Interactive Blue Title Replacement Project

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Fund #	Appn #	Appn Name	Current Total Appn	Amount for Contract Construction Contingency Increase	2021-2022 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
001	405A	The Tech Museum Tile Wall Evaluation and Repairs	\$358,000	\$120,000	1086	10/19/2021 30682

CEQA

Categorically Exempt, File No. PP19-030, CEQA Guidelines Section 15301 Existing Facilities

/s/
MATT CANO
Director of Public Works

For questions please contact Katherine Brown, Deputy Director of Public Works, at 408-795-1679.