

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Loesch

SUBJECT: SEE BELOW

DATE: March 6, 2023

Approved



Date

3/16/23

COUNCIL DISTRICT: 3, 5, 6, 7

**SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR THE 9982 -
BASCOM, MAYFAIR, ROOSEVELT, AND SEVEN TREES COMMUNITY
CENTERS IMPROVEMENT PROJECT**

RECOMMENDATION

- (a) Report on bids and award of contract for the 9982 - Bascom, Mayfair, Roosevelt, and Seven Trees Community Centers Improvement Project to the lowest responsive, responsible bidder, City Building, Inc., in the amount of \$1,938,436, and
- (b) Approve a construction contingency in the amount of \$290,765.

SUMMARY AND OUTCOME

Approval of this contract allows for the construction of the Bascom, Mayfair, Roosevelt, and Seven Trees Community Centers Improvement Project which will prepare the community centers to be shelter-ready sites during a disaster. (See Attachment – Location Map). Approval of a standard 15 percent contingency will provide funding for any unanticipated work necessary for the proper construction or completion the project.

BACKGROUND

On November 6, 2018, the voters of San José passed ballot Measure T- The Disaster Preparedness, Public Safety, and Infrastructure General Obligation Bond. The measure authorizes the City to issue up to \$650 million in general obligation bonds for infrastructure projects. Among the Measure T program, approximately \$13 million is allocated to the Community Center/Emergency Shelters program.

The City's Emergency Operation Plan includes the topic of extended emergency operations, including the coordination of mass care and shelter facilities. These facilities are designed to provide basic human needs, including food, water, shelter, and security. In 2019, staff conducted a study with the objective to determine the feasibility of converting existing community centers to be used as temporary emergency shelters during a disaster. Staff assessed the existing community centers throughout the City to determine what essential needs/upgrades were required at the sites to be considered American Red Cross Shelter Ready sites. The assessment was done based on American Red Cross' Sheltering Handbook (May 2012) and Federal Emergency Management Agency's 453 Risk Management Series Design Guidance for Shelters and Safe Rooms (May 2006).

First, staff had to determine the number of people that could be served at each location during a disaster. Two response scenarios were evaluated in estimating the population that can be served: 1) daytime programs like feeding or local assistance centers and 2) overnight sheltering capacity. The evaluation considered only the capacity of those portions of the buildings that would be used for sheltering and did not consider any space outside the structures that may be used for temporary shelters. As a result of this evaluation, 10 community centers were selected to be emergency Shelter Ready sites: Almaden, Bascom, Berryessa, Camden, Cypress, Evergreen, Mayfair, Roosevelt, Southside, and Seven Trees.

To determine the prioritization, staff evaluated each community center using an equity screening. For this evaluation, staff identified the percentage of the population living in poverty and the population density within a one-mile radius surrounding each community center. Recognizing that in some circumstances, sheltering or providing services outdoors may be needed, additional consideration was given to locations that have a park adjacent to the building.

As a result, four priority groups were established to determine the order in which projects would be completed:

Priority 1 – Bascom, Mayfair, Roosevelt, and Seven Trees Community Centers.

Priority 2 – Camden

Priority 3 – Evergreen, Almaden, and Berryessa

Priority 4 – Cypress and Southside

Additional information around the priority setting and equity screening was provided in the June 15, 2021 Measure T Status Report to City Council linked below for reference¹.

The scope of work for the project includes an upgrade of Priority 1 community centers to meet the essential requirement to be an emergency Shelter Ready site per the aforementioned American Red Cross and the Federal Emergency Management Agency requirements. The upgrades include providing backup power generator connection readiness for each site. During emergencies,

¹ <http://files.constantcontact.com/7a210436601/dbd7436a-7b55-4264-b1e4-e25cc8a0b8a3.pdf>

portable generators will be connected to the installed infrastructure to provide power to portable air conditioning units, temporary lighting, and other shelter amenities inside the gymnasium and/or banquet room, depending on the site. In addition, washers and dryers will be permanently installed at every site except Seven Trees Community Center, where a washer and dryer have already been installed. For the Bascom Community Center, the additional scope includes the conversion of the public second floor unisex restroom to a shower room and the conversion of the first-floor shower rooms to storage rooms.

ANALYSIS

Bids were opened on January 26, 2023 with the following results:

| <u>Contractor</u> | <u>Bid Amount</u> | <u>Variance Amount</u> | <u>Over/(Under) Percent</u> |
|---|-----------------------|----------------------------|---------------------------------|
| Engineer's Estimate | \$1,500,000 | --- | --- |
| W.E. Lyons Construction Co. (<i>non-responsive</i>) (Walnut Creek) | \$1,936,623 | \$436,623 | 29 |
| City Building, Inc. (San Mateo) | \$1,938,436 | \$438,436 | 29 |
| Rodan Builders, Inc. (Hayward) | \$2,311,000 | \$811,000 | 54 |

The low bid submitted by W.E. Lyons Construction Co. was nonresponsive because the Statement of Bidder's Experience form did not provide the specific project experience information requested by the City. Accordingly, the bid cannot be waived as a minor irregularity.

The second bid submitted by City Building Inc. was 29 percent higher than the Engineer's Estimate. The design consultant and the City staff performed a thorough bid analysis on the bid results and determined that the Engineer's Estimate initially prepared by the consultant was based on a competitive open bid situation with assumed bids from reputable electrical contractors since the major project scope falls under the electrical discipline. However, the three received bids are from general contractors. The higher than estimated bid can be attributed to a general contractor's assumed risk of the following items:

- Significant material/supply chain shortages and price fluctuations have impacted construction schedules and material/construction costs.
- Constantly changing escalation and inflation trends of construction costs has been significant in recent months and the corresponding trends and future predictions are frequently changing.
- Construction industry continues to experience shortage of skilled laborers, particularly in the specialty trades of electrical, mechanical, and plumbing.

- The complexity of the project (i.e., specific project scope, work occurring in multiple areas, utilizing multiple trades at the same time, etc.), construction duration, and current market conditions present an increased risk to the project.

Staff will monitor and adjust its cost estimating tools to reflect market changes and will continue tracking inflations in pricing for future projects. Staff recommends awarding the project to City Building, Inc.

City Building, Inc. has not done projects in the past for the City. Staff conducted reference checks on recently completed projects of similar scope at Sandia National Laboratories in Livermore and Tishman Speyer Properties in San Francisco and City Building, Inc. received favorable responses for its performance.

Contingency

San José Municipal Code Section 27.04.050 provides a standard 15 percent contingency for public works contracts involving the renovation of a building or buildings. Staff recommends the standard contingency of 15 percent, which is appropriate for this project and should account for any unforeseen conditions that might arise during construction.

Project Labor Agreement Applicability

The City's Project Labor Agreement is applicable to this project as 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 Biddingo 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 11,733 vendors, and documents were downloaded by 16 vendors, six of which were located within Santa Clara County and, therefore, local. The recommended contractor is not a local or a small business enterprise. However, Axis Mechanical Inc., a local and small subcontractor will perform the mechanical work on the project. The value of the work the subcontractor will perform is approximately \$300,000.

Climate Smart San José Analysis

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

Conclusion

Based on the evaluation of the bids, staff recommends the award of the construction contract for the project to City Building, Inc. City Council's award of the construction contract, as described in the memorandum, allows for construction to start in June 2023.

EVALUATION AND FOLLOW-UP

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

COST SUMMARY/IMPLICATIONS

1. TOTAL COST OF PROJECT:

| | |
|--|--------------------|
| Project Delivery* | \$863,799 |
| Construction | \$1,938,436 |
| Contingency | \$290,765 |
| TOTAL PROJECT COSTS | \$3,093,000 |
| Prior Years' Expenditures and Encumbrances | (\$405,620) |
| TOTAL REMAINING PROJECT COSTS | \$2,687,380 |

* Project delivery includes \$505,799 for Design Services and \$358,000 for Construction Management and Inspection Services.

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

| | |
|---|--------------------|
| Mobilization and Demobilization | \$ 57,000 |
| Site Surveys, Deferred Submittals, and Permitting | \$ 20,000 |
| Bascom Community Center Improvements | \$ 614,000 |
| Mayfair Community Center Improvements | \$ 344,000 |
| Roosevelt Community Center Improvements | \$ 404,000 |
| Seven Trees Community Center Improvements | \$ 426,000 |
| Start-Up, Commissioning, and Training | \$ 73,436 |
| | |
| Total Base Bid Amount | \$1,938,436 |

SOURCE OF FUNDING: 498 – Public Safety and Infrastructure Bond Fund

FISCAL IMPACT: This project has no additional operation and maintenance costs.

BUDGET REFERENCE

The table below identifies the fund and appropriation to fund the contract recommended as part of this memorandum and the remaining project costs, including project delivery, construction, and contingency costs.

| Fund # | Appn # | Appn Name | Total Appn | Amt. for Contract | 2023-2024 Adopted Capital Budget Page | Last Budget Action (Date, Ord. No.) |
|--|--------|---|--------------------|--------------------|---------------------------------------|-------------------------------------|
| 498 | 418K | Measure T - Community Centers / Emergency Centers | \$6,274,000 | \$1,938,436 | 749 | 10/18/2022 Ord. No. 30833 |
| Total Current Funding Available | | | \$6,274,000 | \$1,938,436 | | |

COORDINATION

This project and memorandum have been coordinated with the City Manager's Budget Office, the City Attorney's Office, and the departments of San José Fire; Planning, Building, and Code Enforcement; and Parks, Recreation and Neighborhood Services.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the March 28, 2023 City Council Meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

HONORABLE MAYOR AND CITY COUNCIL

March 6, 2023

Subject: Report on Bids and Award of Contract for the 9982 - Bascom, Mayfair, Roosevelt, and Seven Trees Community Centers Improvement Project

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CEQA

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

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

MATT LOESCH

Acting Director of Public Works

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

Attachment – Location Map

Attachment Location Map

9982-BASCOM, MAYFAIR, ROOSEVELT, AND SEVEN TREES COMMUNITY CENTERS IMPROVEMENT PROJECT



NOT TO SCALE

