



COUNCIL AGENDA: 9/24/19
FILE: 19-819
ITEM: 2.8

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow
Matt Cano

SUBJECT: SEE BELOW

DATE: August 21, 2019

Approved

Date

9-3-19

SUBJECT: REPORT ON BIDS AND AWARD OF CONSTRUCTION CONTRACT FOR 8983 - ENVIRONMENTAL SERVICES BUILDING LAB HVAC DUCTING REPLACEMENT PROJECT AT THE SAN JOSE-SANTA CLARA REGIONAL WASTEWATER FACILITY

RECOMMENDATION

Report on bids and award of contract for the 8983 – Environmental Services Building Lab HVAC Ducting Replacement Project to the sole bidder, Kinetics Mechanical Services, Inc., in the amount of \$538,000, and approval of a fifteen percent contingency in the amount of \$80,700.

OUTCOME

Award of the construction contract to Kinetics Mechanical Services, Inc. will enable the Environmental Services Building Lab HVAC Ducting Replacement Project (Project) to proceed. Approval of a fifteen percent contingency will provide funding for any unanticipated work necessary for the proper completion or construction of the Project.

BACKGROUND

The water quality laboratory, at the San José-Santa Clara Regional Wastewater Facility (RWF), plays a critical role in protecting public and environmental health, testing more than 70,000 samples per year to meet strict state and federal standards for discharged wastewater. The lab is located in the Environmental Services Building (ESB).

A condition assessment of the laboratory's exhaust ductwork that serves fume hoods, used for concentrated aids tests, identified severe corrosion damage of the exhaust ducting and other components associated with the chemical fume hoods. The Project will remove and replace corroded ducts, five fume hoods, and base cabinets in the laboratory.

The Project allows for 210 working days. Construction is scheduled to begin in October 2019 with substantial completion in July 2020.

ANALYSIS

Bids were opened on June 6, 2019, with the following results:

Contractor	Bid Amount	Variance Over/(Under) Amount	Variance Over/(Under) Percent
Kinetics Mechanical Services, Inc. (Livermore)	\$538,000	\$62,000	13%
Engineer's Estimate	\$476,000	--	--

A single bid was received from Kinetics Mechanical Services, Inc., which is 13 percent higher than the Engineer's Estimate. Staff considers this as reasonable for the work involved.

The lower-than-expected number of bidders can be attributed to the high volume of construction work currently available, as well as the lack of contractors with specific prior work experience required for this project. Staff considers the bid submitted for this Project acceptable for the work involved and recommends award of the contract to Kinetics Mechanical Services, Inc.

Council Policy provided for a standard contingency of fifteen percent on public works projects involving building renovation projects. The standard contingency is appropriate for this project to account for the challenge of maintaining continuous operations at the RWF during construction, in addition to complex project interfaces with ongoing daily sample testing in the laboratory, potential utility conflicts, and other concurrent capital improvement projects underway by others.

EVALUATION AND FOLLOW-UP

No follow-up action with City Council is expected at this time. A progress report on this and other RWF capital projects will be made to the Transportation and Environment Committee and the Council on a semiannual basis. Monthly progress reports of the RWF Capital Improvement Program (CIP) will also be submitted to the Treatment Plant Advisory Committee (TPAC) and posted on the City's website.

POLICY ALTERNATIVES

Alternative 1: Direct City staff to reject all bids and re-bid the Project.

Pros: Re-bidding the Project may result in more bid proposals to be submitted.

Cons: Re-bidding will delay the construction schedule and increase project delivery costs.

Reason for not recommending: If the Project were to be re-bid, it does not assure more bid proposals or lower bids would be received. If this alternative is adopted, the construction schedule would be delayed for at least three to six months. The project delivery costs would increase due to staff efforts in the re-bidding process.

PUBLIC OUTREACH

The Project was advertised on BidSync.com on May 15, 2019 and advertised in the *San José Post Record*. This memorandum will be posted on the City's Council Agenda website for the September 24, 2019 City Council meeting.

COORDINATION

This Project and memorandum have been coordinated with the Departments of Planning, Building and Code Enforcement, Fire, and Finance, the City Manager's Budget Office, and the City Attorney's Office. This memorandum is scheduled to be heard at the September 12, 2019 TPAC meeting.

COMMISSION RECOMMENDATION/INPUT

This item is scheduled to be heard at the September 12, 2019 TPAC meeting. A supplemental memo with the committee's recommendation will be included in the amended September 24, 2019 City Council meeting agenda.

FISCAL/POLICY ALIGNMENT

This Project is consistent with the City Council-approved budget strategy to focus on rehabilitating aging RWF infrastructure, improve efficiency, and reduce operating costs. This Project is also consistent with the budget strategy principle of focusing on protecting our vital core services.

COST SUMMARY/IMPLICATIONS

1.	AMOUNT OF RECOMMENDATION/COST OF PROJECT:	\$538,000
	Project Delivery	\$290,000
	Construction	\$538,000
	<u>Contingency (15%)</u>	<u>\$80,700</u>
	Total Project Costs	\$908,700
	 <u>Cost to Date Expenditures</u>	 <u>\$115,754</u>
	REMAINING PROJECT COSTS	\$792,946

** Project delivery includes \$104,000 for project management during design, \$28,000 for bid and award, \$124,000 for construction management, and \$34,000 for post-construction and project closeout. The estimated project delivery cost is 54% of the construction cost, which is in line with project delivery costs for capital projects at other wastewater facilities.*

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

This is a lump sum contract. \$538,000
3. SOURCE OF FUNDING: 512 – San José-Santa Clara Treatment Plant Capital Fund
4. FISCAL IMPACT: The Project will have no additional impact on the San José-Santa Clara Treatment Plant Operating Fund (Fund 513) or the General Fund.
5. PROJECT COST ALLOCATION: In accordance with the recommendations set forth in the Capital Project Cost Allocations Technical Memo (Carollo Engineers, March 2016), this project is allocated between the four billable parameters relative to the rolling weighted average distribution of all RWF assets.

HONORABLE MAYOR AND CITY COUNCIL

August 21, 2019

Subject: 8983 – ESB Lab HVAC Ducting Replacement Project

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BUDGET REFERENCE

The table below identifies the fund and appropriations 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	Amt. for Contract	2019-2020 Proposed Capital Budget Page*	Last Budget Action (Date, Ord. No.)
Remaining Project Costs			\$792,946			
Remaining Funding Available						
512	5690	Plant Infrastructure Improvements	\$1,770,000	\$538,000	V-157	06/18/2019 Ord. No. 30286

*The 2019-2020 Proposed Capital Budget was adopted by City Council on June 18, 2019, and incorporated changes as described in Manager's Budget Message #36 and the Mayor's June Budget Message for Fiscal Year 2019-2020.

CEQA

Exempt, File No. PP17-049, CEQA Guidelines Section 15301, Existing Facilities.

/s/
KERRIE ROMANOW
Director, Environmental Services Department

/s/
MATT CANO
Director of Public Works

For questions, please contact Napp Fukuda, Assistant Director, Environmental Services Department at (408) 793-5353.

Attachment A - ESB Lab HVAC Ducting Replacement Project Location Map

