



COUNCIL AGENDA: 10/22/19

FILE: 19-936

ITEM: 3.4

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Cano

SUBJECT: SEE BELOW

DATE: September 30, 2019

Approved

Date

10/10/19

COUNCIL DISTRICT: 3

**SUBJECT: ACTIONS RELATED TO THE 8521-REPLACE UNINTERRUPTIBLE
POWER SUPPLY FOR CITY NETWORK OPERATIONS CENTER
PROJECT**

RECOMMENDATION

- (a) Report on bids and award of a construction contract for the 8521 – Replace Uninterruptible Power Supply for City Network Operations Center Project to the low bidder, Stronghold Engineering, Inc., for the base bid in the amount of \$3,370,113 and approval of a fifteen percent contingency in the amount of \$505,517.
- (b) Adopt a resolution authorizing the Director of Public Works to negotiate and execute any single and/or multiple change orders for the 8521 – Replace Uninterruptible Power Supply for City Network Operations Center Project in excess of \$100,000 up to the amount of the contingency of \$505,517.

OUTCOME

Approval of this contract will allow for the construction of the Replace Uninterruptible Power Supply for City Network Operations Center Project. Approval of a standard fifteen percent contingency would provide funding for any unanticipated work necessary for the proper completion of the project.

BACKGROUND

The City Network Operations Center (NOC) contains essential IT network, compute, and data storage that support citywide operations and emergency communications. The existing Uninterruptible Power Supply (UPS) for the City NOC was installed in 2005 and is reaching the end of its fifteen-year life cycle span. There was no secondary UPS installed to provide redundancy in 2005.

The base bid scope for this design build project is the replacement of the existing 150KW UPS 'A' system as well as adding an additional 150KW UPS 'B' system as redundancy. In addition to the two UPS systems, a new quick connect box for temporary cables will be mounted at the south side alley of the Wing building for a roll-in generator to power up the NOC from ground level in the event the main generator is out of commission.

Bid Alternate #1 is to replace the existing UPS 'C' and install a new added UPS 'D' located in the basement of the Tower. This set up would have two UPS's side by side similar to the NOC.

Bid Alternate #2 is to replace six Automatic Transfer Switches at various areas throughout the City Hall complex.

Salas O'Brien was selected as the consultant through a master agreement Request for Proposal process to prepare and furnish the design-build criteria bid documents consisting of plans and performance specifications.

Construction is scheduled to begin in November 2019, with projected completion by October 2020.

ANALYSIS

One bid was opened on August 22, 2019, with the following result:

<u>Contractor</u>	<u>Base Bid</u>	<u>Bid Alt 1</u>	<u>Bid Alt 2</u>	<u>Total Bid</u>	<u>Over/(Under) Percent</u>
Engineer's Estimate	\$2,860,000	\$915,000	\$625,000	\$4,400,000	
Stronghold Engineering, Inc.	\$3,370,113	\$607,000	\$350,000	\$4,327,113	-1.7%
<i>Apparent Low Bidder</i>					

The sole bid submitted by Stronghold Engineering, Inc., is 1.7 percent lower than the Engineer's Estimate. The sole bid is due to the contractor's qualification requirement listed in the bidding package. The project specifications required that the contractor must have installed and completed a minimum of one facility/building emergency power distribution project within the past 5 years from the time of the bid opening date. That project must have required a shutdown for the existing occupied facility/building and must have required a temporary generator to have been provided during the shutdown to minimize downtime. Staff checked with several contractors after the bid opening and the feedback received was that qualified contractors are busy with the recent high demand on the market.

Stronghold Engineering, Inc., is located in Riverside, California. Stronghold Engineering, Inc., successfully completed the City of San José's \$20 million Convention Center Exhibit Hall Lighting and Ceiling Upgrades project in March 2018. Staff reviewed the contractor's schedule of quantities and experience requirements, and recommends awarding the base bid of the

contract to Stronghold Engineering, Inc. The current project budget is not sufficient to award the bid alternates. Both bid alternates are not as urgent and essential as the base bid at this time. Staff will continue to monitor the useful life of the existing components and develop future budget requests for capital replacement when appropriate.

Council Policy No. 1-18, entitled “Operating Budget and Capital Improvement Program Policy” sets a standard contingency of fifteen percent for building renovation/remodeling projects. The standard fifteen percent contingency is appropriate for this renovation project.

The Municipal Code authorizes the Director to issue changes orders in the amount of \$100,000 or less in an aggregate amount of the contingency. The requested delegation of authority would allow the Director of Public Works to execute change orders more than \$100,000 within the contingency amount for the timely completion of the project. Due to the limitation of allowed construction work hours, the complexity of the coordination required, and the minimum interruption to the normal operation requirement for this project, a delegation of authority is appropriate.

Construction Management

During the construction phase, the Public Works project engineer will manage the construction scheduling and coordination by taking the following steps to ensure minimum interruption to the daily operation at City Hall.

- The Public Works project engineer will hold coordination meetings with the Public Works Facility Management and Information Technology teams regularly and provide advance notification of contractor work within staff areas. Construction impacts to the normal operation of the City Hall building is not anticipated at this time.
- Construction sequence and shutdown requirements and steps has been clearly written in the bidding documents.

Project Labor Agreement Applicability

A Project Labor Agreement (PLA) is not applicable to this project because more than 50% of the total cumulative value of the Engineer’s Estimate for the project falls under exemption #6 in the contract. Exemption #6 reads as follows: “Building maintenance or rehabilitation, which could include upgrading of the building.”

Local and Small Business Outreach

This project was advertised in the *San Jose Post Record* newspaper and on the Biddingo website. The Biddingo advertisement reached 9,097 businesses of which 509 were located within Santa Clara County.

Stronghold Engineering, Inc., a large firm with an office in Riverside, and has many years of experience in electrical work and emergency power distribution work.

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Due to the size and complexity of this project, the Public Works Department was unable to make any specific modifications to the scope of work that would increase local and small business participation.

EVALUATION AND FOLLOW-UP

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

PUBLIC OUTREACH

This project was listed on Biddingo (www.biddingo.com) and advertised in the *San Jose Post Record*. The complete bid package and project information for all Department of Public Works construction projects are available on Biddingo for interested contractors, contractor organizations and builders' exchange. This memorandum will be posted on the City's website for the October 22, 2019, City Council meeting.

COORDINATION

This project and memorandum have been coordinated with the City Attorney's Office, City Manager's Budget Office, and the departments of Finance, Fire, Information Technology, and Planning, Building and Code Enforcement.

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	\$950,000
Construction	\$3,370,113
Contingency	\$505,517
Total Project Costs	\$4,825,630
Prior year expenditures	\$421,692
Remaining Project Cost	\$4,403,938

2. SOURCE OF FUNDING: 001 – General Fund

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3. COST ELEMENTS OF CONSTRUCTION CONTRACT: \$3,370,113
4. OPERATING COSTS: It is anticipated that this project will not have an operating and maintenance impact. One-year system warranty is included in the contract amount.

BUDGET REFERENCE

The table below identifies the fund and appropriations included in the 2019-2020 Proposed Capital Budget 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.)
001	401V	City Hall Network Operations Center Main Switch Replacement	\$4,440,000	\$3,370,113	V-811	6/18/2019 Ord. No. 30286

*The 2019-2020 Proposed Capital Budget was adopted by the City Council on June 18, 2019.

CEQA

Categorically Exempt, File No. PP19 031, CEQA Guidelines Section 15302, Replacement or Reconstruction.

/s/

MATT CANO

Director of Public Works

For questions, please contact Michael O'Connell, Public Works Deputy Director, at (408) 535-8300.