



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Cano

SUBJECT: SEE BELOW

DATE: November 25, 2019

Approved

Date

12/6/19

COUNCIL DISTRICT: 3

SUBJECT: AWARD OF A DESIGN-BUILD CONTRACT FOR TENANT IMPROVEMENTS AT THE 4TH STREET AND SAN FERNANDO GARAGE FOR OFFICE SPACE FOR THE COMMUNITY ENERGY DEPARTMENT AND OTHER CITY OPERATIONS

RECOMMENDATION

Award a Design-Build contract for the tenant improvements project at the 4th Street and San Fernando Garage for Office Space for the Community Energy Department and other City operations to the lowest responsive bidder that is responsible, and approval of a contingency in the amount of 15 percent of the contract amount.

OUTCOME

The recommendation will allow the execution of the construction contract for tenant improvements at the 4th Street and San Fernando Garage space for the Community Energy Department (Community Energy) and other City operations upon Council approval. The contingency of 15 percent will provide funding for unanticipated work that may be necessary for the proper completion of the Project.

BACKGROUND

In May 2017, City Council approved the establishment of a San José Community Choice Energy program for the provision of electrical power in the City. On August 8, 2017, the City Council 1) approved an ordinance establishing the Community Energy program, 2) amended the Municipal Code to add the new department, and 3) approved the use of Commercial Paper (CP) Notes as a mechanism to fund Community Energy start-up costs.

The current City Hall campus does not have sufficient space to house all Community Energy's space needs once the Department ramps up its staffing levels. To address this need, staff evaluated options to expand the City Hall campus by converting space at the 4th and San Fernando Garage or to lease space Downtown. Based on this evaluation, staff recommended expanding the City Hall campus and using Commercial Paper to complete the necessary space renovations.

On April 30, 2019, City Council approved the issuance of CP Notes to provide financing for the construction of a full build-out of existing space within the 4th and San Fernando Garage for office space, which will initially be occupied by Community Energy staff and other City operations in an amount not to exceed \$6.5 million.

This Design/Build project renovates the existing 6,100 square foot, City-owned space on the 4th Street side of the parking garage. The site formerly housed Kaleid Gallery. The bid set consists of a 30-percent set of plans and specification as "bridging documents," which include 50 workstations, six hard wall offices, a break room, two gender-neutral single-occupant restrooms, and a conference room. The contract will require the design-build entity to finalize the design package including fire sprinkler system, Mechanical, Electrical, Plumbing, Information Technology; and cubicle assemblies.

ANALYSIS

A supplemental memorandum will be issued after the public bid opening on November 21, 2019 and will include necessary budget actions to ensure that funding is available to award the construction contract.

San Jose Municipal Code Section 27.04.050 sets for the City's contingency requirements. It provides that the contingency for a building renovation can't exceed 15% of the total contract amount. The requested 15 percent contingency is consistent with the requirements of Section 27.04.050.

CONCLUSION

The award of a Design/Build contract to the design-build entity is necessary for the Community Energy offices to be completed and move-in ready by August 2020.

EVALUATION AND FOLLOW-UP

The project is currently on schedule. A Supplemental Memorandum will be issued after the public bid opening and no additional follow up action with the Council is expected.

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CLIMATE SMART SAN JOSE

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

PUBLIC OUTREACH

To solicit contractors, this project was listed on Biddingo (www.biddingo.com) and advertised in the *San José Post Record*. The complete bid package and project information for all Public Works Department construction projects are available on Biddingo for interested contractors, contractor organizations and builder's exchanges.

This memorandum will be posted on the City's Council Agenda website for the December 17, 2019 Council Meeting.

COORDINATION

This staff report has been coordinated with the City Attorney's Office, Community Energy and Finance Departments, and the City Manager's Budget Office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

CEQA

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

/s/
MATT CANO
Director of Public Works

For questions please contact Matt Loesch, Assistant Director of Public Works, at 408-535-8300.