



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: April 30, 2020

Approved

Date

4/30/2020

**SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR 9115 –
ADMINISTRATION BUILDING ROOF REPLACEMENT PROJECT AT
THE SAN JOSE-SANTA CLARA REGIONAL WASTEWATER FACILITY**

RECOMMENDATION

- a) Report on bids and award of a construction contract for 9115-Administration Building Roof Replacement Project to the low bidder, Stronger Building Services, in the amount of \$590,000, and
- b) Approve a 20 percent construction contingency in the amount of \$118,000.

OUTCOME

Award of this construction contract will allow for the necessary work to complete the Administration Building Roof Replacement Project (Project) at the San José-Santa Clara Regional Wastewater Facility (RWF). Approval of a 20 percent construction contingency will provide adequate funding for any unanticipated work necessary for the completion of the project.

BACKGROUND

The roof of the administration building, at the RWF, is approximately 34,000 square feet in area and includes sections that are between 44 and 58 years of age. The roof has exceeded its useful life and has experienced several leaks within the last few years. There is an urgent need to replace the existing roofing material to avoid any further potential damage to the building's roof framing and interior finishing.

The Project scope includes the removal and replacement of the existing roofing material, insulation, skylights, roof drains, flashing, and various roofing appurtenances that meets current industry standards. The Project also includes asbestos abatement for approximately 4,500 square feet of the roof area.

ANALYSIS

Bids were opened on February 6, 2020, with the following results:

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
Stronger Building Services (San Leandro, CA)	\$590,000	(\$328,000)	(35.7%)
Courtney Inc. (Livermore, CA)	\$663,896	(\$254,104)	(27.7%)
Andy’s Roofing Company, Inc (San Leandro, CA)	\$748,048	(\$169,952)	(18.5%)
Best Contracting Services, Inc. (Gardena, CA)	\$897,000	(\$21,000)	(2.3%)
Central Roofing Inc. (South San Francisco, CA)	\$910,000	(\$8,000)	(0.9%)
Alcal Specialty Contracting, Inc. (Fremont, CA)	\$912,317	(\$5,683)	(0.6%)
Engineer’s Estimate	\$918,000	---	---
Roofing & Solar Construction Inc. (Novato, CA)	\$1,074,000	\$156,000	17.0%

The low bid submitted by Stronger Building Services is 36 percent under the Engineer’s Estimate. Staff considers the variance to be reasonable for the work involved. The bid documents specified a brand name roofing system that was relied on when determining the engineer’s estimate. Bid documents also allow the contractor to submit an alternate system subject to review and approval by the City. An analysis and comparison between the engineer’s estimate and the bid submitted by the apparent low bidder indicates large price difference between the roofing material, skylights, and insulation. Staff believes that the contractor’s bid is based on a lower cost of products for the above-mentioned materials and expects that the contractor will be providing material substitution requests during the performance of the work. In addition, the variance could also be attributed to the timing of the Project’s advertisement, which was before prospective contractors are typically booked up for the summer construction season.

San José Municipal Code 27.04.050 provides for a standard contingency of 15 percent on renovation projects. This Project is not a renovation project, as it involves removal and replacement (R/R) of approximately 34,000 square feet of existing administration building roofing material that were built in three different phases, between 1961 and 1975. R/R projects may introduce some complexities as there is a need to evaluate and address the integrity of the existing materials that are to remain in place. Regarding this Project, there is limited information on the conditions of the existing roofing materials below the visible roofing layer and any hazardous material component(s) associated with it. During the project design phase, reasonable spot tests were performed which identified approximately 4,500 square feet of roofing area

having hazardous material. Staff believes that there is a high possibility of discovering additional hazardous material during construction since the building was completed at the time when asbestos, lead and other hazardous materials were still being prevalently used in the construction industry. In order to provide adequate funding for any necessary yet unanticipated work, staff recommends a 20 percent construction contingency for this Project.

PROJECT LABOR AGREEMENT APPLICABILITY

A project labor agreement (PLA) is not applicable to this Project as the engineer's estimate is under three million dollars.

LOCAL AND SMALL BUSINESS OUTREACH

The recommended contractor is neither a local nor a small business. On January 15, 2020, the Bidding solicitation went out to 6,225 vendors. Fourteen vendors downloaded the bid documents, six of which were local companies.

CONCLUSION

Based on the bids received, staff considers the bid submitted by the low bidder to be acceptable for the work involved and recommends awarding the construction contract to Stronger Building Services.

EVALUATION AND FOLLOW-UP

No other follow-up action with the Council is expected at this time.

CLIMATE SMART SAN JOSE

This Project replaces the existing roof with an energy efficient roof system. The proposed light colored pvc reflective roof can help lessen the heat from hot roof surfaces that contribute to elevated indoor air temperatures and increased demands on air conditioning that result in higher energy consumptions. The recommendation in this memo aligns with one or more Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

This Project was advertised on Biddingo.com on January 15, 2020. This memorandum will be posted on the City Council’s Agenda website for the May 19, 2020, City Council meeting.

COORDINATION

This Project and memorandum have been coordinated with the City Manager’s Budget Office, City Attorney’s Office, Planning, Building and Code Enforcement, Finance Department, and Department of Public Works.

COMMISSION RECOMMENDATION/INPUT

This item is scheduled to be heard at the May 7, 2020 TPAC meeting. A supplemental memorandum with the TPAC’s will be included in the May 19, 2020 City Council meeting agenda.

COST SUMMARY/IMPLICATIONS

1.	AMOUNT OF RECOMMENDATION:	\$590,000
	Project Delivery*	\$188,777
	Construction	\$590,000
	Contingency (20%)	<u>\$118,000</u>
	Total Project Costs	\$896,777
	Previous Expenditures	(\$60,514)
	Remaining Project Costs	\$836,263

**Project delivery costs include \$60,514 for project design and construction support services such as material submittals review, response to RFIs, any material substitutions requests, etc., that was performed by the City’s consultant HydroScience Engineers, Inc., and \$128,263 for City construction management and inspection services. The project delivery cost is approximately 32% of the construction cost. The typical range for project delivery of RWF CIP projects is 30 to 60% of construction cost. Please note that the consultant fees of \$60,514 are covered in the San José-Santa Clara Treatment Plant Operating Fund (513), with all remaining costs being covered in the San José-Santa Clara Treatment Plant Capital Fund (512). No additional allocation is needed to proceed with this project.*

2. COST ELEMENTS OF AGREEMENT/CONTRACT:
This is a lump sum contract for \$590,000.

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

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 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
Remaining Project Costs			\$836,263			
512	5690	Plant Infrastructure Improvements	\$1,772,000	\$590,000	V-147	10/22/2019 Ord. No. 30325
Total Current Funding Available			\$1,772,000			

CEQA

Exempt, File No. PP19-074.

/s/
KERRIE ROMANOW
Director, Environmental Services

For questions please contact Napp Fukuda, Assistant Director of Environmental Services, at (408) 635-2039.